

# BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6701 June 3, 2025 Regular Business

# AGENDA BILL INFORMATION

<b>RECOMMENDED ACTION:</b> Receipt Report. No action needed.            □         □         □	<ul> <li>Initian</li> <li>Ordinance</li> <li>Resolution</li> </ul>

DEPARTMENT:	City Manager
STAFF:	Jessi Bon, City Manager Robbie Cunningham Adams, Senior Management Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	1. PSM schematic design diagrams, floor plans, and concept images
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

# **EXECUTIVE SUMMARY**

The purpose of this agenda item is to present an overview of the Public Safety and Maintenance Facility (PSM) design process and the proposed schematic design and cost estimate.

- At the March 1, 2024 Planning Session, the City Council directed the City Manager to commence planning for a new Public Safety and Maintenance Facility (PSM Facility) on the current City Hall Campus (AB 6420).
- Design work for the PSM Facility shifted to the schematic design phase in the fall of 2024. Schematic design is the first step in taking a concept and turning it into a specific design plan, including architectural drawings and a site plan. The design work is nearing the conclusion of this stage.
- This agenda item and presentation provides an overview of the design process and proposed schematic design and cost estimate, highlighting how the proposed design aligns with core objectives and supports public safety and maintenance operations.
- Schematic design diagrams, floor plans, and concept images are included as Exhibit 1. The presentation deck will be appended to this agenda bill after the City Council meeting.
- An independent peer-review group was retained to conduct a value methodology-based review (aka value engineering) aimed at optimizing the PSM Facility design. Many of the value engineering team's recommendations were incorporated into the schematic design to reduce overall project costs and

enhance operational efficiency. The Design Team will present several illustrative examples as part of the presentation to the City Council.

- The Design Team has prepared an updated cost estimate based on the complete schematic design, the value engineering process, and the design choices by the staff team and City Council. The total estimated project budget is \$103,902,076.
- This cost estimate will serve as the basis for the bond the City Council is considering presenting to the voters during the November 2025 election.
- The PSM Design Team will gather questions and requested information on the PSM schematic design from the June 3, 2025 City Council meeting and return with follow-up information at the June 17, 2025 City Council meeting.
- Staff anticipate the first reading of the bond ordinance will occur at the June 17, 2025 City Council meeting.

# BACKGROUND

## Long-Range Facility Planning Begins in 2023

In early 2023, the City began a planning process to complete a Facilities Conditions Assessment for various municipal buildings and to develop a Long-Range Facilities Plan for select City facilities. Northwest Studio was selected as the consultant for this project and is supported by a variety of specialized consultants.

The Long-Range Facility Planning project was intended to be completed in two phases, the first phase focusing on a comprehensive Facilities Conditions Assessment (FCAs) for six buildings in 2023: Mercer Island City Hall, the Public Works Building, the Mercer Island Community and Event Center Annex Building, the Luther Burbank Administrative Building, the Mercer Island Thrift Shop, and the former Tully's Building. A second phase will include Facility Conditions Assessments for Fire Station 91, Fire Station 92, and the Mercer Island Community and Event Center.

The purpose of an FCA is to inventory and evaluate building and site infrastructure conditions, document observed deficiencies and develop a recommended strategy to ensure continuity of services, extend the life of each facility, or alternatively prepare to replace existing assets.

The second phase of facilities planning work included developing a Long-Range Facilities Plan for these six facilities based on assessment and data collected from the FCA process. The Long-Range Planning Work was intended to be completed in 2024 and anticipated an extensive public engagement process. Unfortunately, just as the facilities planning work was kicking off in early 2023, City Hall was closed due to asbestos contamination.

## City Hall Permanently Closed in 2023

In April 2023, City Hall was temporarily closed after asbestos was detected in several locations in the building, including in the HVAC system. Although airborne asbestos was not detected during air quality tests, abatement at City Hall would be required to re-open the facility. City staff and outside experts worked extensively to identify solutions to address the asbestos contamination and evaluate the best path forward for City Hall. Two scenarios for re-occupying the City Hall building, either fully or partially, were evaluated for timeline, preliminary costs, and impact to City operations. Unfortunately, the cost of both scenarios to re-occupy City Hall exceeded the benefits due to the age and condition of the building. On October 2, 2023, Resolution No. 1650 was approved to cease City operations at City Hall and permanently close the building.

#### Facility Conditions Assessment Completed on Public Works Building in 2024

Given the age and condition of the Public Works building, the City Manager directed the staff and consulting teams to proceed with the facilities conditions assessment (FCA) for this building. The Preliminary Facility Conditions Assessment for the Public Works building was presented to the City Council on February 6, 2024 (<u>AB 6402</u>). The FCA identified multiple systems that are failing or in need of significant repair or investment. Based on these findings, the City Manager recommended the City Council prioritize the Public Works building for replacement. The Public Works building houses many essential services and some short-term reinvestment is needed to extend the life of the building until a replacement strategy is identified as discussed in <u>AB 6477</u> at the May 21, 2024 City Council meeting.

At the July 16, 2024 City Council meeting, the City Council appropriated funds and authorized staff to proceed with seismic repairs to the Public Works building that are necessary to keep the Public Works building safely operating in the short-term (<u>AB 6517</u>).

## Public Safety and Maintenance Building Pre-Design Phase Completed in 2024

During the March 1, 2024 Planning Session, the City Council contemplated the replacement strategy for City Hall and the Public Works building. The City Council directed the City Manager to commence planning for a new Public Safety and Maintenance Facility (PSM) on the current City Hall Campus (<u>AB 6420</u>). This new facility will replace the existing Public Works building and provide a new combined home for the City's Public Works teams, Police Department, Emergency Operations Center, and the IT and GIS team.

City staff provided a design progress update on the PSM Facility during the May 21, 2024 City Council meeting (<u>AB 6476</u>). This presentation outlined how staff and the City's architectural consultant team, Northwest Studio, conducted workshops with the staff teams expected to be housed in the future PSM Facility to inform the ongoing design work, needs for each staff in a new facility, how a combined facility for these teams would provide operational efficiencies, and why the new building is intended to be a Level IV Risk Category Building.

Pre-design work was completed during the summer of 2024, confirming the programming and conceptual framework for the PSM Facility. During this initial planning phase, the City Manager also directed the Design Team to include an expanded customer service area at the main PSM building to house the City's Customer Service team. This is to ensure that the City has a "store front" given that no other City facilities are suited for this type of function. The customer service area addition will be discussed further during the presentation.

#### Public Safety and Maintenance Facility Schematic Design Phase Begins in 2024

Design work of the PSM Facility shifted to the schematic design phase in fall of 2024. Schematic design is the first step in developing a concept into a specific design plan, including architectural drawings and a site plan. The design work remains in this stage. Recent Design Team actions include tours of other public safety and maintenance buildings in the region, site visits to City facilities, and ongoing design meetings with staff.

The Design Team and select Councilmembers conducted tours of the Shoreline, University of Washington, and Kirkland police departments in October 2024. The team heard about both successes and "lessons learned" from the construction or renovation of these police facilities to help inform the design work on the PSM Facility. The Design Team and select Councilmembers also conducted a tour of the Kitsap County Public Works facility in December of 2024. This tour featured included the workspace and training space layout, ingress/egress for large vehicles and equipment, covered storage, lighting, security, and staff amenity spaces.

## **PSM Schematic Design Updates at City Council Meetings**

During the February 4, 2025 City Council Planning Session, the PSM Design Team presented the initial design concept and preliminary cost estimate for the PSM Facility (<u>AB 6604</u>). The Design Team received City Council feedback on design strategies and questions. The Design Team also previewed the likely need for a rezone of the property.

During the March 4, 2025 City Council meeting, the PSM Design Team presented a progress update on the Public Safety and Maintenance Facility (PSM Facility) design in addition to addressing questions from the prior City Council meeting (<u>AB 6634</u>). The Design Team presented information on the following thematic areas:

- Planning for Potential Future Operational Capacity needs at the PSM Facility
- Functions and Uses of the Operations Building and Yard
- Alternative Construction Delivery Methods.

City staff and City Council discussed moving the siting of the main PSM Building forward (north) on the property to expand the capacity of the secure areas (parking and maintenance yard) behind the main PSM Building. Staff said this was an idea worth investigating further and committed to coming back with additional information at a future Council meeting.

## Updated Public Safety and Maintenance Facility Sizing, Placement, and Zoning

Following feedback from the City Council and Police, Public Works, Emergency Operations, and IT/GIS staff, during the April 15, 2025 City Council meeting, the PSM Design Team presented a recommended change to the site layout that would move the PSM Building (main administrative building) and the Operations Building north on the site (<u>AB 6656</u>). This proposed revision to the site layout would reduce construction costs, increase operational effectiveness, and leave room for potential future operational capacity to ensure that this facility is positioned to serve the city over the next 50-plus years.

The proposed PSM Facility layout includes the placement of the Operations Building on top of the property line between the existing City Hall and Public Works parcels. The Design Team recommended a boundary line adjustment to move the parcel line north - closer to SE 36th St.

Additionally, both parcels comprising the current City Hall Campus have the correct comprehensive plan land use designation, which is "Public Facility." The zoning, however, is different and this was identified for resolution as part of the PSM Facility development process. The City Manager recommended the new south parcel created by the boundary line adjustment be re-zoned to "Public Institution" (PI), consistent with other public facilities on Mercer Island. The north parcel is recommended to remain as CO to preserve flexibility for its future use. The proposed rezone is site-specific and requires approval through a quasi-judicial process.

The City Council approved the revised PSM Facility site layout and directed the City Manager to pursue a boundary line adjustment between the City Hall and Public Works parcels based on the final site layout, and directed the City Manager to prepare and submit an application for a re-zone of the south City Hall parcel to Public Institution (PI).

## **Council Direction on PSM Design Choices**

During the May 6, 2025 City Council meeting the Design Team provided follow-up analysis on roof-mounted solar panels for on-site energy generation, rainwater harvesting for on-site use, potable water storage for emergency operations, and facility structural systems initially presented during the February 4, 2025 City

Council meeting. The City Council directed to staff to include a rainwater harvesting system and potable water storage in the schematic design (<u>AB 6677</u>).

# **ISSUE/DISCUSSION**

#### Schematic Design of the Public Safety and Maintenance Facility

The Design Team will present an overview of the design process and the proposed schematic design and cost estimate, highlighting how the proposed design aligns with core objectives and supports public safety and maintenance operations. Schematic design site plans, floor plans, and concept images are included as Exhibit 1. The presentation deck will be appended to this agenda bill after the City Council meeting.

As part of reviewing and ultimately approving the schematic design, the City Council will make final decisions regarding the general size, shape, and location of buildings and structures; final design decisions about materials, interior features, and detailed layouts will be made later in the design process.

## What is Schematic Design and what comes next?

Schematic design is an early and foundational phase in the capital project design process. It translates initial concepts into preliminary plans that define the project's overall scope, general layout, and key features. This phase establishes the general arrangement of spaces, major systems, and the relationship of the facility to the site. Schematic design provides a clear visual understanding of what is being proposed, including site plans, building layouts, and basic architectural features. It also allows the Design Team to identify potential issues, evaluate alternatives, and refine the project approach before advancing to more detailed design phases.

Following schematic design, the project moves into design development, where the design is refined and detailed. This design phase will take about six months. During this phase, materials, systems, and dimensions are more clearly defined, and coordination among architectural, structural, mechanical, and electrical components is advanced.

Once the design development phase is complete and reviewed, the project enters the construction documents phase, in which detailed drawings and specifications are prepared for bidding, permitting, and construction. These documents form the legal and technical basis for construction. This design phase will take about eight months. Once the design steps are completed, the project moves forward to bidding and ultimately construction. Throughout these stages, cost estimates are updated, and value engineering is performed to ensure the project remains on budget.

## 3<sup>rd</sup> Party Value Engineering Evaluation

An independent peer-review group was retained to conduct a value methodology-based review (aka value engineering) aimed at optimizing the PSM Facility design. The purpose of this value engineering review was to identify potential opportunities to enhance project efficiency and overall project value, such as reducing construction costs, improving building performance, lowering long-term operating costs, reducing risk, and increasing sustainability. This review was conducted over a four-week period and was done separately from the City's architectural and engineering team to ensure an unbiased assessment. This review served as a form of quality control and improves confidence in the Design Team's cost estimate, which will inform the sizing of a potential bond measure.

Many of the value engineering team's recommendations were incorporated into the schematic design to reduce overall project costs and enhance operational efficiency. The Design Team will present several illustrative examples as part of the presentation to the City Council.

## **Updated Cost Estimate**

The Design Team has prepared an updated cost estimate based on the project's schematic design, the value engineering process, and the design choices by the staff team and City Council. The total estimated project budget is \$103,902,076 (see Table 1).

This estimate includes constructions costs, soft costs, an escalation factor, and state and local sales tax. Soft costs (see Table 2) include items such as permitting costs, design costs, furniture and equipment, project management, legal fees, project contingency and the 1% for the Arts contribution. The escalation factor refers to the increase in the cost of construction materials, labor and other expenses over time and is based on historical and forward-looking industry data.

#### Table 1. Schematic Design Cost Estimate Summary

Facility or Area	<b>Basis</b> Area or Percentage	Cost Estimate
Sitework Hard Costs	473,818 GSF	\$ 23,519,522
Facilities Hard Costs	67,810 GSF	\$ 51,643,802
Construction Budget		\$ 75,163,324

Project Soft Costs <sup>2</sup>	28.20%	\$ 21,194,108
Subtotal Project Budget		\$96,357,432

Sales Tax	10.20%	\$ 7,544,644
Project Budget		\$ 103,902,076

Notes:

- 1. GSF = Gross Square Feet.
- 2. See Table 2. Project Soft Cost Summary for additional information.

#### Table 2. Project Soft Cost Summary

Category	Basis	Cost Estimate
	% of Construction Budget,	
	Calculated or Provided	
Permits, Inspections, & Testing	2.90%	\$ 2,179,736
Design & Engineering	12.00%	\$ 9,019,599
Furniture, Fixtures & Equipment	3.50%	\$ 2,630,716
Information Technology	.96%	\$ 700,000
Administrative & Project Management	2.74%	\$ 2,011,257
1% for Art	1.00%	\$ 739,633
Legal	.21%	\$ 155,000

Project Contingency	5.00%	\$ 3,758,166
Total Estimated Soft Costs		\$ 21,194,108

This cost estimate will serve as the basis for the bond the City Council is considering presenting to the voters during the November 2025 election.

## **NEXT STEPS**

The PSM Design Team will gather questions and requested information on the PSM schematic design and the cost estimate and provide follow-up information at the June 17, 2025 City Council meeting.

Staff anticipate the first reading of the bond ordinance will occur at the June 17, 2025 City Council meeting. This presentation will also include information on regulations and the process related to bond measures, a recommendation on the term and structure of the bond, and the estimated property tax impact on a median Mercer Island household.

Upon approval of the schematic design and the bond ordiance, project work will shift this summer to focus on preparing for the demolition of City Hall, completing the rezone work, and completing the evaluation and recommendation on alternative construction delivery for this project.

## **RECOMMENDED ACTION**

Receive Report. No Action Needed.