



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6964
July 21, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6964: Appropriation for Design and Permitting of the City Hall Demolition Project	☐ Discussion Only ☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Reallocate \$80,000 from the MICEC Annex Repair Project (90.05.0007) and \$125,000 from the Luther Burbank Administrative Building Repairs Project (90.05.0008) to fund design and permitting of the City Hall Demolition Project (90.05.0022).	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Kellye Hilde, Public Works Deputy Director Shelby Perrault, Interim Capital Division Manager Robbie Cunningham Adams, Senior Management Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	n/a
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ 205,000
AMOUNT BUDGETED	\$ 0
APPROPRIATION REQUIRED	\$ 205,000

EXECUTIVE SUMMARY

The purpose of this agenda item is to appropriate \$205,000 through the reallocation of funds in the Capital Improvement Fund for design and permitting of the City Hall Demolition Project.

- In October 2023, City Hall permanently closed ([Resolution No. 1650](#)) following the discovery of asbestos contamination. An initial facility City assessment determined restoring the nearly 70-year-old facility was cost-prohibitive due to its age, failing systems, and modern building code deficiencies. The extensive history related to the closure of City Hall and the planning and design of the Public Safety and Maintenance (PSM) Facility is included in background section of this agenda bill.
- Proposition No. 1, included on the November 4, 2025, General Election ballot to fund the PSM Facility received 54.61% voter approval, which was short of the 60% needed for a successful bond measure.
- During the January 16, 2026, City Council Planning Session, the City Council debriefed the November 2025 bond measure and provided initial feedback on the framework to guide the facility planning work anticipated this year.

- As part of this discussion, the City Council reviewed preliminary cost estimates from 2023, which indicated that renovating City Hall would likely be too expensive given the building's age and condition ([AB 6840](#)). At the time, a full cost estimate had not been completed.
- Based on this discussion, the City Council directed staff to prepare a full cost estimate for renovation of City Hall. Given the failure of the bond measure, the City Council wanted to ensure they had complete information on the building's condition to inform facility planning next steps.
- On April 7, 2026, staff presented the results of the re-evaluation of City Hall to the City Council ([AB 6891](#)). The updated assessment aligned with the prior work and concluded that the nearly 70-year-old building has significant deficiencies, including aging building systems, seismic vulnerabilities, noncompliance with current building codes, and does not meet the operational and resiliency standards expected of a modern municipal facility. The consultant estimated that renovating the existing building would cost between \$60 million and \$63 million, exclusive of many of the operational limitations associated with the existing site.
- Following the presentation of the updated renovation assessment, the City Council directed the City Manager to develop a demolition strategy for City Hall and return with the information necessary to support future decisions regarding demolition and long-term redevelopment of the site.
- An appropriation of \$205,000 is needed to fund design and permitting of the City Hall Demolition Project and will be supported through the reallocation of available funds from completed or substantially complete facility repair projects within the Capital Improvement Fund.

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.

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 was planned to 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

The City Hall building, located at 9611 SE 36th Street, was constructed in 1957 and served as the City's primary administrative facility for more than 65 years. 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.

Public Safety and Maintenance Facility Design – 2024 & 2025

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 (PSM) Facility on the current City Hall Campus ([AB 6420](#)). This new facility was intended to 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 ([AB 6476](#)).

Pre-design work was completed during the summer of 2024, confirming the programming and conceptual framework for the PSM Facility. Design work for 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. During this time the Project Team also toured other public safety and maintenance buildings in the region, completed numerous site visits to City facilities, and held ongoing design meetings with staff. Schematic Design concluded in the spring of 2025.

City Council Approval of Bond Ordinance – July 15, 2025

At its regular meeting on July 15, 2025, the City Council adopted an ordinance providing for the submission of a ballot measure in the November 2025 election to issue bonds to fund the design and construction of a Public Safety and Maintenance Facility that would replace the existing Public Works building, maintenance yard, and temporary police facilities ([AB 6736](#)).

PSM Proposition No. 1 Result – November 2025

During the November 4, 2025 General Election the City held an election on Proposition No. 1 related to the proposed [Public Safety and Maintenance Facility](#). Proposition No. 1 received 54.61% voter approval, which fell short of the 60% required for approval of a bond measure.

At the end of 2025, staff began reassessing facility replacement strategies to inform future policy direction and decision-making by the City Council. To support this work, the City Manager recommended that the City

Council hold a Planning Session in early January to allow sufficient time to prepare for a potential second bond measure in November 2026, should the Council choose to pursue that direction.

Post Bond Measure Facility Planning

At the January 16, 2026, City Council Planning Session, the City Council discussed the outcome of the November 2025 Bond Measure for the Public Safety and Maintenance (PSM) Facility and identified next steps for facility planning ([AB 6840](#)). As part of this discussion, the Council reviewed the preliminary cost estimates to renovate City Hall, which were developed in 2023 following the closure of the facility. While a high-level estimate had been prepared at that time, it was not advanced to a fully developed estimate after early figures indicated that renovation of the existing building would likely be cost prohibitive given its age and condition.

During the January 2026 Planning Session, the Council directed staff to revisit and complete the cost estimating exercise to provide a clearer understanding of the condition and full renovation costs to re-occupy City Hall, and to inform a decision on whether to pursue renovation of the existing facility or construction of a new facility. The Council also provided feedback to guide revisiting the scope and scale of the PSM Facility. To support this work, the City retained an architect to conduct a space planning analysis and review the proposed PSM Facility project, including identifying opportunities to reduce project scope.

City Hall Re-Occupancy Analysis and Direction to Demolish Building – April 2026

The City retained consultant support to review and update the prior assessment work of City Hall and prepare a revised planning-level renovation cost estimate. On April 7, 2026, staff presented the results of the re-evaluation to the City Council ([AB 6891](#)). The updated assessment aligned with the prior work and concluded that the nearly 70-year-old building has significant deficiencies, including aging building systems, seismic vulnerabilities, noncompliance with current building codes, and does not meet the operational and resiliency standards expected of a modern municipal facility. The consultant estimated that renovating the existing building would cost between \$60 million and \$63 million, exclusive of many of the operational limitations associated with the existing site.

Following the presentation of the updated renovation assessment, the City Council directed the City Manager to develop a demolition strategy for City Hall and return with the information necessary to support future decisions regarding demolition and long-term redevelopment of the site.

ISSUE/DISCUSSION

Consistent with City Council's direction following its review of the updated City Hall assessment, staff propose undertaking the City Hall demolition work in phases, beginning with design and permitting as the first phase. Any future phase of the project will require separate City Council authorization and appropriation.

Scope of Work

The reallocation request will fund the design and permitting phase of the City Hall Demolition Project. Funds will be reallocated in the Capital Improvement Fund (320) from the MICEC Annex Facility Repairs Project (90.05.0007) and the Luther Burbank Facility Repairs Project (90.05.0008). The scope of work for the first phase of the City Hall Demolition Project includes:

- Preparation of demolition plans and technical specifications.
- Completion of environmental review and permit applications.

- Preparation and submittal of permit documents.
- Development of bid-ready plans, specifications, and contract documents.
- Surveying, permitting, and bid document preparation.

Completing this design and permitting phase will position the City to proceed with the demolition project when funding is authorized by the City Council.

Budget

The total estimated cost to complete design and permitting for the City Hall Demolition Project is approximately \$205,000.

To fund this work, staff propose reallocating a combined \$205,000 of available funds in the Capital Improvement Fund (320) from the following projects:

- **MICEC Annex Repairs (90.05.0007):** Budgeted at \$95,000 to address anticipated building repairs. Because actual repair needs were less extensive than originally projected, \$80,000 can be reallocated without impacting the remaining project scope.
- **Luther Burbank Park Administration Building Repairs (90.05.0008):** Budgeted at \$150,000 for anticipated facility repairs, actual project costs were lower than projected, leaving \$125,000 available for reallocation while retaining sufficient funding to complete the remaining work.

Table 1: Project Budget and Funding Requirements	
Project Management, Consultants and Permitting Services	Estimated Total
Contract Administration	\$15,000
Architectural and Engineering	110,000
Environmental Review and Permitting Support	55,000
Survey	5,000
Permitting Fees	20,000
Total Estimated Project Costs	\$205,000
90.05.0022 – Available Budget	\$0
Funding Reallocation	
90.05.0007 – MICEC Annex Repairs	\$(80,000)
90.05.0008 – Luther Burbank Administrative Building Repairs	\$(125,000)
Total Budget Reallocation	\$205,000

Upon City Council approval, the reallocated funds will be transferred to the City Hall Demolition Project (90.05.0022) to fund the first phase of design and permitting.

NEXT STEPS

Following City Council appropriation of funds, staff will amend the City's existing consultant agreements and proceed with the design, permitting, and preparation of bid-ready demolition documents.

Staff will return to the City Council this fall to evaluate demolition options, including estimated costs, schedule, permitting considerations, and a recommended path forward for the City Hall Demolition Project.

RECOMMENDED ACTION

Reallocate \$80,000 from the MICEC Annex Repair Project (90.05.0007) and \$125,000 from the Luther Burbank Administrative Building Repairs Project (90.05.0008) to fund design and permitting of the City Hall Demolition Project (90.05.0022).