

TO: City Council
FROM: Paul Simmons, City Administrator
DATE: June 2, 2026
SUBJECT: 310 Israel Road Purchase and Sale Option Agreement

1) Recommended Action:

Approve and authorize the Mayor to sign the 310 Israel Road Purchase and Sale Option Agreement.

2) Background:

City Hall is the operational heart of our community, but its limited space hinders efficient and safe service to residents. The City now has its largest workforce ever and continues to grow to meet the needs of the growing city population, increasing demands on staff, public services, and community engagement.

Due to limitations in functional space, many offices are shared by two or more employees. The Parks and Recreation Department and the Water Resources and Sustainability Department have been forced to acquire off-site locations due to space limitations. Inadequate meeting space and limited parking constrain opportunities for collaboration and can limit public participation, making it more difficult to host community forums, manage crowd flow, and foster safe and inclusive civic engagement. Additionally, there is not adequate space for cubical working spaces to meet ADA standards, and the building needs safety and security upgrades. City Hall lacks space for lactation rooms or employee wellness activities.

On March 24th, the City Council toured City Hall to see how current working conditions hinder daily operations and limit future growth. To address this, the City hired Artisans Group Architecture and Planning for space planning services and to evaluate future options for City Hall.

On the May 27th City Council Work Session, the Artisans Group presented a summary of the findings of their space planning analysis. This analysis focused on current and future needs of the City and based on those needs developed four different scenarios for the City to consider.

A. The Incremental Approach (Status Quo + Addition)

Remain in the existing City Hall and continue leasing additional space as needed, with a future plan to construct a significant addition to accommodate long-term needs.

B. New City Hall Building

Construct a new, purpose-built City Hall facility sized to meet projected long-term needs.

C. New Police Station

Construct a new, standalone police facility to address law enforcement space and operational needs, while retaining City Hall in its current location.

D. Buy an Existing Building (Scalable Investment)

Seek to acquire and repurpose an existing building in Tumwater. During the space planning

analysis, 310 Israel Road was identified and evaluated as a potential City Hall site.

The summary of the Artisans Group Architecture and Planning analysis is attached to the staff report.

Following the presentation, the City Council unanimously gave staff direction to pursue Option D, which is to secure a Purchase and Sale Option Agreement on the 310 Israel Road property. The cost of the option agreement is \$100,000, and it will give the City exclusive rights to purchase the property for 6 months. Should the City move forward with the option to purchase, the full acquisition price will be \$15,580,000.

For the City to fully consider acquisition of this building, staff will perform a full financial analysis to better understand the cost of the debt service, revenue opportunities, and ongoing operating costs.

Additionally, the building will require some level of retrofit to meet the City's needs. While the initial scope of work with the Artisans Group provided a high-level concept plan for 310 Israel Road, additional design work and scoping out the cost of those retrofits still needs to occur.

This Purchase and Sale Option Agreement will provide the City with time to perform this additional work and gives us predictability on the acquisition price. It also gives us time to be fully transparent and receive feedback from the community along the way.

3) Policy Support:

Vision, Mission, & Values

People:

We embrace the diversity of people in our community and strive to ensure everyone feels valued and included. We recognize the vital contributions of our staff and foster a supportive environment that promotes growth, celebrates achievements, and retains talent to serve our community with excellence.

Learning:

We learn from experience, embrace innovation, and seek new ways to enhance City services and strengthen our community.

4) Alternatives:

- Direct staff to further re-evaluate any of the identified options or pursue a different option altogether.

5) Fiscal Notes:

The upfront cost of the Agreement Purchase and Sale Option Agreement is \$100,000. This will provide the City with exclusive rights to acquire the property within 6 months. If the City agrees to purchase the building within 6 months, the full cost of the acquisition will be \$15,580,000 (with the initial \$100,000 being credited towards the purchase). If the City moves forward with acquisition of 310 Israel Road, the City will pursue selling General

Obligation Bonds to fund both the acquisition and retrofit costs of the building. This debt capacity will be built into the budget of the City. At this time, the costs of the retrofit have not been fully developed. The 6-month option will give the City additional time to perform a full financial analysis about the cost of debt, retrofitting the building, and ongoing operational expenses and revenues. This information will be presented to the City Council in an open work session, prior to moving forward with full acquisition of the 310 Israel Road building.

6) Attachments:

- A. 310 Israel Road – Purchase and Sale Agreement
- B. Artisans Group Architecture and Planning Summary of Deliverables
- C. Tumwater Space Planning Floor Plans