



City of Seattle

Mike McGinn, Mayor

Department of Finance & Administrative Services

Fred Podesta, Director

MEMORANDUM

Date: April 2, 2012

To: Councilmember Tim Burgess, Chair,
Government Performance and Finance Committee
Councilmember Nick Licata
Councilmember Sally Clark
Councilmember Mike O'Brien

Via: Beth Goldberg, City Budget Director

From: Fred Podesta, Director
Department of Finance and Administrative Services

Subject: **Response to Statement of Legislative Intent 58-1-A-2
Report from FAS on Major Maintenance of Mutual and Offsetting Benefit
(MOB) Lease Properties**

Summary

This memorandum summarizes the findings of recent Mutual and Offsetting Benefit (MOB) building assessments conducted in response to Statement of Legislative Intent (SLI) 58-1-A-2, which was adopted by the City Council as part of its 2012 budget process. The SLI requests two reports and specifically states: "The first report, which shall be provided by March 31st, shall estimate the cost of repairs needed to building systems, including roofs, to maintain MOB properties in a tenantable condition and shall set out options for funding repairs, including, but not limited to, an assessment of eligibility and availability of American Recovery and Reinvestment Act retrofit funds and uncommitted real estate excise tax revenue." I have provided a more detailed account of the findings in the report attached to this summary. The second report called for by the SLI, which focuses on MOB leases and options for MOB facilities, will be provided by June 30, 2012.

Background

The Department of Finance and Administrative Services' (FAS') 2012 Proposed Budget included \$1.9 million to re-roof six City-owned buildings that house tenants operating under MOB arrangements with the City. These tenants include the Northwest Senior Center, South Park Area Redevelopment Committee (SPARC), Teen Parent Home, Central Area Senior Center (CASC), Central Area Motivation Program (CAMP), and Southeast Health Clinic. During its 2012 budget deliberations, the City Council issued SLI 58-1-A-2, directing the Executive to identify all other non-roof-related repairs needed to maintain these six MOB facilities in a tenantable condition.

FAS subsequently hired ARC Architects to assess the six buildings, identify what critical repairs would be needed, and provide cost estimates for each. For the purpose of the assessment, critical repairs were defined as items that if left unresolved would:

- Cause immediate vacation of the building or area of building;
- Cause an emergency project to be undertaken;
- Result in hazardous egress or other life safety issues; or
- Result in flagrant ADA violations (e.g., lack of access to entry, lack of compliant restroom, etc.)

Non-essential and/or upgrades to existing systems that would extend the life of the asset were not included in the condition assessments. Examples of these types of upgrades would include replacing single pane windows or providing new lenses for light fixtures.

Based on ARC's assessments, we have determined that each of the City's six MOB buildings has one major system failure – the roof – and that other required repairs, such as HVAC and electrical systems that are beyond their useful lives or do not meet current safety standards, will be considerably less expensive to fix. As a result, we believe that a total of \$312,000 would cover critical, non-roof repairs for all six buildings. The building-specific summaries below outline the needed repairs, their respective total costs, and the time that will be required to complete them.

Northwest Senior Center

The majority of the repairs needed at the Northwest Senior Center (located at 5431 32nd Avenue NE) relate to its heating system. The boiler will need to be replaced within the next few years as well as several radiators on the second floor. Beyond these items, several thresholds need to be rebuilt to remove tripping hazards, and some minor electrical work is required to comply with current electrical safety standards. The total project duration for these repairs is approximately six months.

Construction Costs:	\$ 31,000
<u>Design/Permitting/WSST:</u>	<u>\$ 10,000</u>
Total Cost of Critical, non-roof Repairs:	\$ 41,000
Total Cost of Re-roof:	\$ 265,000

South Park Area Redevelopment Committee (SPARC)

Similar to the NW Senior Center, the largest repair needed at SPARC (located 8201 10th Avenue South) relates to the heating system—a rooftop unit that will need to be replaced in the next few years. Beyond the HVAC system, there are accessibility and exiting issues that must be resolved in order to provide safe egress, and some minor electrical work that must be addressed to meet fire safety standards. The total project duration for these repairs is approximately six months.

Construction Costs:	\$ 33,000
<u>Design/Permitting/WSST:</u>	<u>\$ 11,000</u>
Total Cost of Critical, non-roof Repairs:	\$ 44,000
Total Cost of Re-roof:	\$275,000

Teen Parent Home

The Teen Parent Home, located 339 22nd Avenue E, will need a new gas furnace within the next few years. Outside of the furnace, there are some minor egress repairs and one signage issue that need to be addressed. The total project duration for these repairs is approximately two months.

Construction Costs:	\$ 23,000
<u>Design/Permitting/WSST:</u>	<u>\$ 8,000</u>
Total Cost of Critical, non-roof Repairs:	\$ 31,000
Total Cost of Re-roof:	\$105,000

Central Area Senior Center (CASC)

The majority of the repairs needed at the CASC building, which is located at 500 30th Avenue South, are electrical in nature. These electrical repairs range from replacing original (1959) panels that lack short circuit ratings, to replacing exterior pathway lighting that no longer operates. Beyond these items, several accessibility and life/safety issues need to be resolved in order to provide safe egress and comply with life/safety codes. The total project duration for these repairs is approximately six months.

Construction Costs:	\$ 48,000
<u>Design/Permitting/WSST:</u>	<u>\$ 16,000</u>
Total Cost of Critical, non-roof Repairs:	\$ 64,000
Total Cost of Re-roof:	\$455,000

Central Area Motivation Program (CAMP)

The CAMP building, located at 722 18th Avenue, requires the most work of any of the other MOB facilities. The majority of repairs are electrical, involve the replacement of multiple unrated panels and the need to resolve code violations. Beyond these items, there are minor life/safety issues that need to be resolved in order to protect the tenants from unnecessary hazards. The total project duration for these repairs is approximately six months.

Construction Costs:	\$ 99,000
<u>Design/Permitting/WSST:</u>	<u>\$ 33,000</u>
Total Cost of Critical, non-roof Repairs:	\$132,000
Total Cost of Re-roof:	\$315,000

Southeast Health Clinic

ARC Architects and FAS staff determined no necessary repairs were evident at the Southeast Health Clinic (4400 37th Avenue South), due to the building's relative age (it was built in 1989) and recent upgrades made to its HVAC and plumbing systems. The building's roof is in very poor condition, however, and documents for the roof replacement project are ready to bid. Should funding be made available by June 1, 2012, roof construction could be completed within the 2012 summer weather window.

Construction Costs:	N/A
Total Cost of Re-Roof:	\$485,000

Cost Summary

	Critical, Non-Roof Repairs	Re-Roof
NW Senior Center	\$41,000	\$265,000
SPARC	\$44,000	\$275,000
Teen Parent Home	\$31,000	\$105,000
CASC	\$64,000	\$455,000
CAMP	\$132,000	\$315,000
SE Health Clinic	\$0	\$485,000
Total Cost	\$312,000	\$1,900,000

Funding Options

FAS staff investigated the potential use of ARRA funding for these projects, but discovered it has been fully programmed and is therefore not available for this purpose. Other funding sources for capital improvements needed to make the MOB properties tenantable could come from REET I, General Fund and/or a combination of those, as well as debt financing.

While FAS cannot identify any current pools of uncommitted, available funding to make these repairs in 2012, we will continue to research the issue within the contexts of Part II of the SLI and the 2013-2014 Proposed Budget.

I hope you have found this information helpful. If you have questions or would like to be briefed on this matter, don't hesitate to call me at 386-0041.

Attachment: MOB Facility Assessments Report