



City of Lake
Oswego
OREGON



West End Building Decision Process

Background Information

February 2009

West End Building Decision Process

Background Information

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West End Building Decision Process

Introduction

In July 2008, the City Council requested City staff to perform a comprehensive study on the West End Building including potential public and private uses of the building and site. The purpose of the study was to provide City Council with information that would help it make a decision about the future of the West End Building – a decision that could be supported by the community.

The City Council adopted a work plan for the study that included nine specific tasks (see **Exhibit A – West End Building Decision Process Work Plan**). Based on this plan, a number of reports were developed and tasks were conducted including a City facilities assessment, an appraisal of the West End Building property, an office market and property valuation analysis, and an analysis of alternatives for addressing facilities needs. Public outreach was a significant component of the work plan.

Summary of Work Plan Reports and Tasks

City Facilities Assessments

The purpose of the City facilities assessments was to determine the physical condition of key City buildings and the space needs for the services provided in these facilities. Space needs were assessed for both current service levels and forecasted service levels based on a future population of 50,000¹.

Besides assisting City Council with a decision about the West End Building, the assessment reports can be used by City Council to make decisions about the future of other City facilities. It can also be used as a foundation for a future comprehensive asset management plan for all City facilities. The City facilities assessments are found in **Exhibit B – City of Lake Oswego Municipal Facilities and Space Planning Analysis** by SERA Architects, Inc.; and **Exhibit C – City of Lake Oswego Maintenance Services Department Facilities Assessment** by SOLARC Architecture and Engineering, Inc. A preliminary site feasibility study for the South Shore Fire Station at its currently location was completed in 2007 (see **Exhibit D – South Shore Boulevard Fire Station Feasibility Study** by Group Mackenzie)

The following City facilities were assessed:

- City Hall (including Police and 911 Dispatch)
- Library
- Maintenance Service Facility
- South Shore Fire Station
- Adult Community Center
- West End Building
- Main Fire Station
- Jean Road Fire Station
- Westlake Fire Station
- Indoor Tennis Center

Significant City facilities not included in this analysis are the Water Treatment Plant, Water Sports Center, Municipal Golf Course, the City's records storage property, and other parks facilities.

1. The Comprehensive Plan for Lake Oswego calls for annexing all properties within the City's Urban Services Boundary. Annexing these properties along with anticipated residential infill development within the existing City limits, could increase Lake Oswego's population by approximately 40% from 36,000 to 50,000 in the future.

Assessment Summary

Each of the buildings that were assessed in this study has deficiencies that should be addressed over time. Some of the deficiencies could pose potential health and safety issues if not addressed in an appropriate time frame. Space issues for City departments and services exist to varying degrees for each facility.

City Building Conditions

- Problems common to many of the facilities include:
 - Seismic deficiencies – this is especially an issue for emergency services
 - Accessibility deficiencies
 - Aging mechanical and building systems
 - Building skin and water intrusion problems
- City Hall and the Maintenance Services Building have significant building deficiencies, including ones that could pose health and safety issues.
- Police and 911 Dispatch, being located in City Hall, have both security and potential emergency response issues.
- The South Shore Fire Station also has a number of building deficiencies.
- The remaining buildings have deficiencies, but to a lesser extent than City Hall, Maintenance Services, and the South Shore Fire Station.

Space Needs

- Other than the West End Building, each of the facilities has some level of space needs in order to optimize the delivery of public service.
- City facilities with significant space needs are the Library, City Hall and the Maintenance Services Building.
- While most of the services at City Hall are in constrained spaces, the Police Department clearly has the most serious space problems.
- The South Shore Fire Station also has a number of space needs for providing its services.
- The incremental space needs for future City services, based on growth projections, is relatively small compared to what is needed to meet current needs.

West End Building Property Appraisal

A recent appraisal of the West End Building concluded that the appraised market value of the property as of September 23, 2008 was \$21,300,000. The appraisal used both the Sales Comparison Approach, which is based on comparable property sales over the prior 18 months, and the Income Capitalization Approach, which uses current market rents and expenses to determine value.

The appraisal also concluded a hypothetical market value of the property if it was rezoned from OC/R-3 to CR&D. This value was \$21,640,000. The appraisal is found in **Exhibit E – Summary Appraisal Report - West End Office Building + Excess Land** by Mueller and Company, Inc. Both market values used zoning and possible development scenarios provided by the City as found in **Exhibit F – West End Property Zoning Options**.

Real Estate and Office Market Analysis

Based on a preliminary list of possible options provided by the City (see **Exhibit G**), a real estate services firm developed additional financial information to assist with evaluating options for the West End Building as well as other City facilities. This included estimated costs to replace and/or relocate specific

City services, potential net revenues for leasing space at the West End Building, and up-to-date property valuation estimates based on the current market conditions.

The office market analysis, completed December 15, 2008, describes the impact the recent downturn in the economy has had on the office market nationally, regionally and in the Kruse Way office submarket. Overall office market activity has significantly slowed down, especially in the 90 days prior to this analysis. The value of office property, such as the West End Building, is difficult to quantify under these conditions. Since the downturn, only one similar office building has sold. This was the Farmer's Insurance building in Tigard. It was originally marketed for around \$17,000,000 in late 2007. It sold in November 2008 for \$8,500,000. Commercial property foreclosures in the region also appear to be on the rise. In the Kruse Way office submarket, vacancy levels are rising and lease rates are dropping. This is expected to continue well into 2009. A timeline for when the market will turn around is uncertain.

Under these conditions, the sale of the West End Building or other City property in the near term will likely result in a severe discount. Lease rates for space in the West End Building will also be negatively affected.

The real estate and market analysis is found in **Exhibit H – Real Estate Analysis - City of Lake Oswego** by CB Richard Ellis.

Urban Land Institute Expert Panel

The local chapter of the Urban Land Institute conducted an expert advisory panel review of the issues associated with the West End Building and other City facilities. The 8-member advisory panel included experts in the fields of urban planning, architecture, development and investments. Their report and findings are found in **Exhibit I – Lake Oswego West End Building Strategic Look**, and included the following recommendations to the City:

- Develop a Public Facility Strategic Plan
- Any changes in public facilities should involve citizen participation that focuses on new challenges and opportunities, and not replacing existing institutions
- Given current market conditions, do not sell the West End Building at this time, but instead work to maximize the value of the property
- Replace the existing City Hall and use the West End Building as a temporary City Hall
- Site a new Police Station and 911 Center at a location other than the West End property
- Consider additional library services and other public services on the west side of the City, possibly in the West End Building
- Retain the existing Adult Community Center
- If further consideration is given to a community center, it should establish clear goals and refine the plan's budget

Existing City Policies on City Facilities

A review of existing City plans resulted in few policy statements regarding the siting or use of City facilities. **Exhibit J** provides excerpts from City adopted plans that reference public facilities.

The First Addition Neighborhood Plan addresses several aspects of the Library and Adult Community Center, both of which reside within the neighborhood. The Evergreen Neighborhood Plan emphasizes the benefits of having City Hall and Police located within the neighborhood and the Library and Adult

Community Center close by. The vision statement for the Lake Grove Village Center Plan includes a community center and a library facility without specifically referencing a particular location.

The LORA East End Development Plan contains two project descriptions that refer to City services including the option of a library on Block 137 and general public services, including police and courts, on Block 135.

Public Outreach

Over the past five months, the project has included several forms of public outreach.

Public Opinion Research

Public opinion research using a randomly-selected representative sample of 79 Lake Oswego residents was conducted by a Portland area public opinion research firm. The research was done to assist in determining the opinions of typical residents about a variety of issues and alternative means for addressing City facility deficiencies and the future of the West End Building. The process used is referred to as “large group studies”. Each of the 79 participants spent three hours in one of three sessions learning about and discussing City facility issues, and expressing opinions about a variety of possible courses of action. Specific cost information about each of the facilities was not available at the time of the research.

Results of the opinion research were specific to each facility including the future of the West End Building and are presented in each of the facility sections later in this report. The public opinion research report and summary are in **Exhibit K – Lake Oswego Community Conversation** by Davis, Hibbitts & Midghall, Inc.

Online Survey

As part of the public opinion research, the City conducted a self-selected, non-scientific online survey to hear from a broader group of citizens about City facilities and to listen to ideas about how to use them in the future. For those without online access, hard-copy versions of the survey were available. Over 500 individuals participated in the survey. Similar to the large group studies, specific cost information about each of the facilities was not available at the time participants took this survey.

Generally, the results of the online survey were very similar to the results from the formal larger group studies. Where there are distinct differences, these are described in each of the facility sections in this report. The results of this survey are in **Exhibit L – 2008 City of Lake Oswego Facilities Assessment Research - Survey Results** by Davis, Hibbitts & Midghall, Inc. As part of the online survey, individuals had the opportunity to provide written comments to the City about facilities and the future of the West End Building. There were over 400 responses which are included as part of Exhibit K.

Farmer’s Market

For two Saturdays in October, a project booth was setup at the Farmer’s Market. Staff was available to talk with and provide information to individuals about City facilities and future options for the West End Building. In general, relatively few individuals stopped by the booth to learn more about the project. Of those that did stop to talk and/or learn more, most were not overly interested in the broader topic of how the City should address all of its long term facility needs.

Project Website

A project website for the West End Building Decision Process has been provided on the City’s website. The website includes information about the project and links to each of the reports and relevant materials developed for the project. It was also where individuals could access the online survey. Since

its inception July this past year, there have been approximately 450 visits to the site. The website is: www.ci.oswego.or.us/council/WEB_information.htm.

Project Outreach Materials

A booklet, entitled “They’re Your Buildings! Join the Conversation...”, was developed to hand out at the Farmer’s Market and other public events and presentations. The booklet summarizes the condition of City facilities and provides a list of options for each of the facilities. The booklet is found in **Exhibit M**.

In November, the City produced a 4-page mailer about the project that was sent to all residences in Lake Oswego. The mailer is found in **Exhibit N**.

Open Houses

Two open houses for the project were held in November at the West End Building. Approximately 100 individuals attended the open houses. The open houses included a presentation about the project, informational materials, opportunities to fill out the online survey and provide feedback to the City, and tours of the West End Building.

Presentations to Civic Organizations

Over 50 civic groups were contacted and offered presentations about the project. Presentations were made to the following groups:

- Evergreen Neighborhood Association
- FAN
- Lake Grove Business Association
- LONAC
- Chamber of Commerce
- Rotary Club of Kruse Way
- Rotary Club of Lake Oswego

Exhibit O contains two letters from neighborhood associations and business organizations providing input and feedback about City Hall, the Library and the West End Building.

Future Public Outreach

A second project mailer is scheduled to be sent to all Lake Oswego residences in the next four to six weeks. This mailer would contain an update on the project including recently developed cost information about alternatives for each facility.

A 16-minute video of the project is currently being completed. This video provides information about the project and highlights the key City’s buildings included in the facilities assessment. The video is expected to be shown on TVCTV in the near future.

A new web-based technique for acquiring broad public opinion research is still being explored. To date, this has been a volunteer effort by local public opinion research experts. The goal is to receive well-informed feedback from 1000 randomly selected Lake Oswego residents. This type of survey method could provide valuable information about public opinion for this or other City efforts. However, it will not be available until later this year. Thus, its use for this project is dependent on the timeline for decisions about the West End Building and other City facilities.

It is also anticipated that public meetings and hearings will be held in conjunction with City Council’s deliberations. These will be scheduled accordingly. Additional public outreach can be planned over the next few months depending on City Council discussions and direction.

Alternatives Analysis: West End Building and Other City Facilities

A variety of alternatives for addressing City facility deficiencies and space needs are possible. The West End Building, which is currently underutilized, could help address other City facility space and building deficiencies. Specific options have been developed for each facility. For each of these, planning level costs are provided. Based on these options, a set of scenarios for future uses of the West End Building have been developed. The analysis of the various alternatives is based on information from reports and materials found in the following exhibits:

- Exhibit B *City of Lake Oswego Municipal Facilities and Space Planning Analysis*
- Exhibit C *City of Lake Oswego Maintenance Services Department Facilities Assessment*
- Exhibit D *South Shore Boulevard Fire Station Feasibility Study*
- Exhibit G *Possible Options for City Facilities*
- Exhibit H *Real Estate Analysis - City of Lake Oswego*
- Exhibit I *Lake Oswego West End Building Strategic Look* by the Urban Land Institute
- Exhibit K *Lake Oswego Community Conversation*
- Exhibit L *2008 City of Lake Oswego Facilities Assessment Research - Survey Results*
- Exhibit Q West End Building Scenarios – Cost Analysis

City Facilities Included in the Alternatives Analysis

The Alternatives Analysis will focus on City facilities that are critical in their physical condition and their ability to provide safe and efficient public services, and facilities in which the West End Building could reasonably handle all or a portion of services currently provided at the facility. These facilities are:

- City Hall
- Library
- Maintenance Services Building
- South Shore Fire Station
- Adult Community Center
- West End Building

The Alternatives Analysis for each building addresses the following areas:

- Building Condition
- Space Program Needs
- Facility Options and Forecasted Costs
- Public Opinion Research Results

Building Condition and Space Program Needs

This information is a summary of building and space deficiencies found in Exhibits B and C.

Facility Options and Forecasted Costs

Options for the various facilities were developed by City staff with input from the public and consultants. A reasonable number of options were developed for each facility. Additional options may warrant further analysis. Facility sizes were based on future space needs for a population of 50,000. In some cases, the sizes were reduced or modified to best fit a particular facility. Further space refinement may be necessary to right-size the space needs with the prospective facility and/or budget.

Cost information for the various options was gathered from a variety of sources at different periods of time. As such, the level of detail, contingency amounts, escalation factors, type of construction, etc. varies. Although efforts were made to provide some level of consistency in these costs, there were still variations, and in some cases, differing opinions with numbers. Also, with the significant recent changes

in market conditions, and more specifically, the construction industry, accuracy in costs, revenues and property values is difficult if not impossible to achieve. For this reason, costs, revenues and property values should be assumed to be “forecasted” amounts and should be used solely for initial planning purposes. Further financial analysis will be necessary as future decisions are made about specific alternatives.

At the same time, modifying and expanding City facilities includes both one-time capital costs as well as ongoing operating costs. For the purposes of this analysis, only capital costs are provided. Significant analysis would be required to determine operating costs and to fully understand the tradeoffs in these costs for the various options. Thus, if the City chooses to pursue or refine one or more of the options, operating costs should be addressed.

Public Opinion Research Results

Results from the large group studies are provided for those facilities and options that were tested as part of the research. Where substantive differences in results exist between the large group studies and the online survey, this will be noted. Again, it should be noted that specific cost information was not available at the time of the research, and thus, participants did not have access to this information in forming their opinions.

City Facilities Not Included in the Analysis

Other City facilities that were included in building assessment but not specifically called out in this summary report are:

- Main Fire Station
- Jean Road Fire Station
- Westlake Fire Station
- Indoor Tennis Center

The three fire stations listed here are of newer construction and thus, have fewer overall deficiencies than more critical City facilities. The primary deficiencies are accessibility constraints for persons with disabilities, the structures do not meet current seismic standards for an emergency response facility (due to changes in seismic codes since the buildings were constructed), and the facilities have some space constraints for fire and emergency services operations.

The Indoor Tennis Center has various deficiencies including accessibility constraints for persons with disabilities and some tree damage to the roof and gutter systems. There are also several space constraints including lack of shower/locker rooms and spectator areas, and the demand for indoor tennis far exceeds the existing number of courts.

Deficiencies with these facilities should be planned for and prioritized as part of a comprehensive facilities management plan. Funding for such deficiencies would be addressed as part of the annual City budget process. For more detail on these City facilities, see Exhibit B – *City of Lake Oswego Municipal Facilities and Space Planning Analysis*

City Hall

City Hall was constructed in 1986 and is 39,404 square feet.

Building Condition

City Hall has multiple significant building deficiencies with the building's envelope, structural requirements for seismic events, security systems, and out-dated mechanical and electrical systems.

Architectural deficiencies include:

- Overall security of facility
- Specific security issues relating to Police, 911 Dispatch and Municipal Court functions
- Insufficient parking
- Non-compliant ADA access and accommodation
- Current exterior cladding does not meet downtown design requirements

Building envelope deficiencies include:

- Failure of existing EIFS cladding, flashing and window systems that allow water intrusion
- Insect infestation of exterior cladding
- Roof assembly is nearing its end of service life and will need to be replaced in 2 to 3 years
- The parking deck leaks through to lower parking level

Structural deficiencies include:

- Non-conformance of seismic requirements for Essential Facilities as required for emergency operations, Police and 911 Dispatch

Mechanical, electrical and plumbing system deficiencies include:

- Failing roof-top air handlers
- Aging boiler, controls and emergency shut-off
- Boiler location on the 3rd floor has clearance and access constraints. Installation does not meet correct code.
- Air distribution is poor in several areas due to changes in building layout loads
- Emergency generator is near capacity and does not separate emergency and stand-by loads
- The fire alarm system does not have a visual annunciation component
- Plumbing systems do not meet current ADA or low flow requirements

Environmental hazards include:

- Extensive mold in exterior wall cavities due to the intrusion of water into the building envelope
- Building materials containing asbestos (e.g. flooring, adhesive, drywall, etc.)
- Paint materials containing lead
- Older light fixtures with ballast containing PCB's

Given the amount and extent of deficiencies with City Hall, the *2007 Lake Oswego City Hall Remediation Report* (found in Appendix 4.0 of Exhibit B) concluded that replacing the building would be less expensive than repairing the existing deficiencies.

Space Program Needs

Most of the services provided in City Hall are in constrained spaces. The Police Department, including 911 Dispatch, clearly has the most serious space problems.

Space program deficiencies for City Hall include:

- Lack of departments’ support space, including conference, copy, storage, and file rooms
- Numerous missing or undersized program spaces for Police and 911 Dispatch
- No room for department future growth
- Inadequately sized mainframe server room
- No enclosed data closets to provide security and special cooling
- Insufficiently sized building support spaces such as mechanical, electrical, and telecom rooms
- No package delivery area or loading dock
- Lack of facilities storage space and undersized repair shop
- Non-standard and undersized workstations
- Insufficiently sized public waiting areas
- Undesirable department adjacencies and departments divided between floors and buildings
- Insufficient aisle widths and circulation in certain areas

The SERA report concluded that future City Hall services, including Parks and Recreation administrative offices, will need approximately 80,000 square feet of space. Of this, Police and 911 Dispatch will need 35,000 square feet. This is approximately 3½ times the current space available for Police and 911 Dispatch. If Police and 911 Dispatch are provided a separate facility, the remaining services in City Hall (including Parks and Recreation offices) need approximately 45,000 square feet.

Facility Options and Forecasted Costs for City Hall

Each option assumes the City will address its existing City Hall building and space deficiencies.

Option 1: Move City Hall to the West End Building

Fund the purchase of the West End Building	\$20,000,000
Renovate the West End Building for City Hall	\$8,700,000
Sell the existing City Hall property	<u>(\$4,100,000)</u>
Total Cost:	<u>\$24,600,000</u>

Option 2: Replace City Hall at the existing City Hall site

Renovate the West End Building for a temporary City Hall	\$2,400,000
Replace City Hall with a new 80,000 sf building	\$21,700,000
Build a new 266-stall parking garage	\$6,700,000
Carrying costs for the West End Building for four years	\$4,000,000
Loss from selling the WEB in 4 years (assume \$11 million sale price)	<u>\$9,000,000</u>
Total Cost:	<u>\$43,800,000</u>

Option 3: Repair City Hall and move Police/911 to the West End Building

Fund the purchase of the West End Building	\$20,000,000
Renovate the West End Building for permanent Police/911	\$5,800,000
Renovate the West End Building for remaining temporary City Hall	\$1,400,000
Repair the existing City Hall	<u>\$13,200,000</u>
Total Cost:	<u>\$40,400,000</u>

Option 4: Repair City Hall and build new Police Station/911 Center on West End property

Renovate the West End Building for a temporary City Hall	\$2,400,000
Build a new Police Station/911 Center	\$9,400,000
Repair the existing City Hall	\$13,200,000
Carrying costs for the West End Building for four years	\$4,000,000
Loss from selling remaining WEB in 4 years (assume \$9.6 million sale price)	<u>\$10,400,000</u>
Total Cost:	<u>\$39,400,000</u>

Other options or tasks for possible further consideration:

- Given the significance of the decision to repair or replace City Hall, revisit the preliminary cost estimates for both options to update and/or confirm these numbers
- Consider the option to build a new City Hall at another location in downtown
- Consider the option to build a new Police Station and 911 Center at another location in the City
- Consider transferring 911 Dispatch services to the Clackamas County Department of Communications
- To provide additional space, move other departments besides Police/911 out of City Hall

Public Opinion Research Results

Participants in the large group studies were provided options for City Hall. Their responses were:

Keep the existing City Hall building and make necessary improvements over time	71%
Move City Hall to the West End Building	21%
Use the WEB temporarily while a new City Hall is built at the existing City Hall site	8%
Build a new City Hall at another location in downtown	0%

When specifically asked if the City should continue to invest in the existing City Hall or replace it with a new City Hall, again, 71% of the responses said to invest in the existing building.

When asked, if City Hall is replaced, should it stay downtown or be relocated to the West End Building, a majority of the responses, 57%, said it should stay downtown.

When asked if they would change their answer to the previous question if they knew it would be less expensive to moving City Hall to the West End Building than to build a new City Hall downtown, 67% said no, being less expensive would not change their answer.

When provided options for Police and 911 Dispatch, participants responded:

Retain Police and 911 Dispatch in the existing City Hall building	36%
Move Police and 911 to the West End Building	33%
Relocate Police and 911 somewhere other than City Hall and the West End site	18%
Build a new Police Station with 911 on the West End Building property	12%

64% of the responses favored moving Police and 911 somewhere other than keeping it at City Hall.

When asked specifically, if the City retains the existing City Hall building, should the City find another location for Police and 911 that is safe and secure, respondents said:

Yes	54%
No	26%
Don't know	20%

If the answer to the previous questions was “yes”, participants were asked if the City should relocate Police and 911 to the West End property or to some other location:

West End property	52%
Some other property	22%
Don't know	26%

Finally, when asked to prioritize funding for a new City Hall, improved Police and 911 Dispatch facilities, a larger library and a new recreation/community center, funding Police and 911 was the highest priority. Funding for a new City Hall was tied with building a recreation/community center as the lowest priority. In the online survey, funding for a new City Hall was third priority with the recreation/community center being last.

Public Library

The Library was constructed in 1983 and is 27,738 square feet.

Building Condition

The primary building deficiencies with the Library building are aging mechanical systems, an electrical system that is at capacity, flooring and window problems, and various accessibility constraints for persons with disabilities.

Architectural deficiencies include:

- ADA access and accommodation
- Ongoing leaks at west wall
- Failing window seals at insulated glazing
- Ongoing failure of gyp-crete subflooring material

Building envelope deficiencies include:

- Metal roofing at clerestory roofs will need to be replaced in 6 to 9 years
- Membrane roofing at flat roof areas will need to be replaced in 6 to 9 years

Structural deficiencies include:

- Building is structurally sound but does not meet the current seismic requirements nor does it meet the requirements for an Essential Facility for the use as an emergency shelter
- Bookshelves are not seismically braced

Mechanical, electrical and plumbing system deficiencies include:

- Plumbing fixtures do not meet ADAAG requirements
- Plumbing fixtures do not meet current water consumption requirements
- Two rooftop mechanical units are nearing their end of service life
- Boiler is rusting out and in need of replacement
- Electrical service is at full capacity and needs to be expanded to meet current and future needs

Environmental hazards include:

- There are no exposed environmental hazardous materials
- Building materials containing asbestos: flooring, adhesive, drywall, etc
- Paint materials containing lead
- Older light fixtures with ballast containing PCB's

Space Program Needs

Although the Library has some building deficiencies, the most significant problem is the lack of space. The current Library is 29,000 square feet. The results of two independent studies indicate the Library should be approximately twice this size.

Space program deficiencies for the Library include:

- Inadequate volunteer and staff work space
- Inadequate staff support space including meeting rooms
- Inadequate space to retain and expand material collections and accommodate the desired level of adult, children, and teen programs
- Lack of flexibility for reconfiguration as a result of light placement and other architectural features

- Lack of community use rooms and flex space, including area to show movies and hold presentations
- Limited general and archival storage space
- Undesirable relationships of functional areas
- Minimal public circulation and seating space
- Inability to easily adapt to and accommodate technological changes due to the building infrastructure
- Lack of vending area for the purchase of food or beverage

Facility Options and Forecasted Costs

Option 1: Move the Library to the West End Building

Fund the purchase of the West End Building	\$20,000,000
Renovate the West End Building for a main Library	\$6,500,000
Sell the existing Library property	<u>(\$2,700,000)</u>
Total Cost:	<u>\$23,800,000</u>

Option 2: Provide a branch Library in the West End Building

Fund the purchase of the West End Building	\$20,000,000
Renovate the West End Building for a branch Library	<u>\$1,300,000</u>
Total Cost:	<u>\$21,300,000</u>

Option 3: Build new main Library in Downtown

Build new main Library	\$16,900,000
Build a new 208-stall parking garage	\$5,200,000
Sell the existing Library property	<u>(\$2,700,000)</u>
Total Cost:	<u>\$19,400,000</u>

Other options for possible consideration:

- Provide a branch library at another location on the west side of town
- Keep the existing Library with no increase in library space

The option of expanding the existing Library has been mentioned. An addition could be added to the building. However, additional property would likely need to be acquired to meet current and future parking demand. Neighborhood impacts and concerns would also need to be addressed.

Public Opinion Research Results

When provided options for the Library, participants in the large group studies provided the following responses:

Leave the existing Library as is and provide additional library services at the WEB	44%
Keep the existing Library as is with no increase in library services	21%
Move the Library to the West End Building	18%
Build a new Library at another location in downtown	17%

When asked if the City should find a way to provide expanded library services to meet demand, a vast majority, 82%, said “yes”.

For those answering “yes” to the previous question, they were asked if the expanded services should be provided at the West End Building or somewhere downtown. 65% said the West End Building and 20% said downtown.

Participants were then to assume that expanded library services would be provided at the West End Building. Given this assumption, they were asked if one main library for the City should be provided or if a branch library should be provided retaining the existing library in downtown. 71% favored having two libraries, while 24% favored having the City’s main library at the West End Building.

Participants who answered “two libraries” to the previous question were asked if they would change their answer if they knew that providing two libraries was significantly more expensive than one main library. 56% said “no” and 31% said “yes”. Participants in the online survey indicated that if two libraries were significantly more expensive, the City should stay with one main library.

Finally, when asked to prioritize funding for a new City Hall, improved Police and 911 Dispatch facilities, a larger library and a new recreation/community center, funding for a larger library was second behind improving Police and 911 facilities.

Maintenance Services Building

The Maintenance Services Building was constructed in 1979 and is 11,600 square feet.

Building Condition

Architectural deficiencies include:

- No loading dock
- No overhead crane and vehicle lift for vehicle maintenance
- No lubrication system for vehicle maintenance
- Welding for large vehicles does not meet code
- Bathrooms do not meet ADA requirements

Building envelope deficiencies include:

- Water intrusion in the roof

Structural deficiencies include:

- Does not meet seismic requirements for emergency response
- Overhead wood-frame storage for parts does not meet minimum loading requirements
- Two offices are located under the non-code compliant parts storage

Mechanical, electrical and plumbing system deficiencies include:

- Two offices have no natural or mechanical ventilation
- The electrical system has some capacity and system constraints

Environmental hazards Include:

- Contaminated air enters office area from vehicle maintenance area
- Weld shop does not have exhaust capabilities
- No drainage system and oil interceptors in the service bays

Space Program Needs

- Vehicle maintenance bays are difficult to access
- Bays do not provide drive-through capabilities
- No locker rooms or changing room
- Lack of code-compliant storage space
- No dry room for wet gear
- Parks maintenance is separate from other maintenance functions
- No training room

Facility Options and Forecasted Costs

Option 1: Replace the Maintenance Services Building \$7,000,000

Option 2: Repair the existing building

Other options for consideration:

- Due to the size constraints with the overall Maintenance Yard site, consider relocating the entire facility to larger site

Public Opinion Research Results

When provided with the options for the Maintenance Services Building, 49% of the respondents in the large group studies said to keep the building and make necessary improvements over time; 26% said to build a new building at a new expanded site; and 25% favored replacing the building at its existing constrained site. The respondents were split between replacing the building and keeping the existing one.

South Shore Fire Station

This fire station was constructed in 1971 and is 5,463 square feet.

Building Condition

The South Shore Fire Station is the oldest of the City's four fire stations. Primary building deficiencies include the mechanical and electrical systems, the building envelope, accessibility constraints for persons with disabilities, and the structure does not meet current seismic standards for an emergency response facility.

Architectural deficiencies include:

- Office and crew quarters are not accessible
- Entry, kitchen, restrooms, utility areas, sleeping rooms, hardware, plumbing fixtures, clearances and general circulation are not ADA compliant
- Group bunk room
- Aging interior finishes

Building envelope deficiencies include:

- Single-ply roofing at flat roof areas is failing and is in need of replacement
- Metal roof system is nearing its end of service life
- Aluminum windows are in need of replacement
- Minimal thermal insulation

Structural deficiencies include:

- The building does not meet the requirements for an Essential Facility for the use as an emergency operations center

Mechanical, electrical and plumbing system deficiencies include:

- Plumbing systems do not meet current ADA or low flow requirements
- Galvanized domestic water distribution is in need of replacement
- HVAC systems are failing and in need of replacement
- The 1971 vintage electrical equipment is out of date and in need of replacement and upgrade
- The emergency generator is old and in need of replacement

Space Program Needs

Space Program deficiencies include:

- The lack of drive thru apparatus bays requires that all equipment, including the station's single fire engine, be backed into the bays
- The existing bay depth requires the current rescue boat to be stored separately from the truck, causing a delay in emergency response time due to the time required to negotiate the attachment of the boat to the truck
- The existing bay depth does not allow for an oversized ladder truck if this program element were required in the future
- There is no conditioned turn out equipment storage space outside of the apparatus bay, causing premature degradation of the equipment caused by UV light exposure
- The facility does not adequately support staff of both genders because of co-habitation within large bunk rooms rather than in small, single bunk rooms
- At approximately 80 SF, the shop is significantly undersized

- Program functions such as training, large meetings and community functions cannot be accommodated within the building
- The EMS supply room is located within the laundry room as a result of a lack of space
- The staff exercise area is undersized to function effectively
- The facility is lacking dedicated general storage space, causing storage to be dispersed throughout the building in other program areas

Facility Options and Forecasted Costs

In 2007, the City performed a site study for a new South Shore Fire Station. The study determined that the existing site was best suited for providing fire and emergency services to this area of the community well into the future. As such, the City purchased an adjacent residential lot to provide for a future expanded station.

Option 1: Build a new South Shore Fire Station \$2,600,000

Option 2: Retain and repair the existing South Shore Fire Station up to \$430,000
 (This does not include costs to address space program deficiencies)

Public Opinion Research Results

When provided with the option to replace the South Shore Fire Station or to keep the existing one and repair it over time, 53% of the respondents in the large group studies said to keep and repair the existing fire station, while 47% said to replace it.

Adult Community Center

The Adult Community Center was originally constructed in 1975 with additions occurring in 1986 and 2002. The building is 12,526 square feet.

Building Condition

Primary building deficiencies are aging plumbing, mechanical and electrical systems, a leaky roof, accessibility constraints for persons with disabilities, and dated interior finishes.

Architectural deficiencies include:

- Site paving has settled and has created trip hazards in multiple locations
- Trash dumpster and recycling currently share the emergency generator enclosure creating a potential conflict with emergency operations
- Restrooms are outdated and do not meet accessibility requirements
- Interior finishes are worn and outdated, natural wood needs to be refinished
- Second exits from basement and auditorium have stair egress only creating potential hazard for occupants in wheelchairs or using walkers

Building envelope deficiencies include:

- Leaking roof at computer lab / deck due to improperly installed roofing and flashing materials
- Cedar roofing will need to be replaced in 6 to 9 years

Structural deficiencies include:

- Building is structurally sound but does not meet the current seismic requirements nor does it meet the requirements for an Essential Facility for the use as an emergency shelter
- Kitchen equipment is not secured causing a potential hazard during a seismic event

Mechanical, electrical and plumbing system deficiencies include:

- Galvanized domestic water distribution is in need of replacement
- Plumbing systems do not meet current ADA or low flow requirements
- Aging split mechanical units nearing end of service life
- No make-up air unit in kitchen as required for exhaust hood operation
- Non-Code compliant galvanized ductwork at kitchen exhaust hood
- Original 1975 electrical equipment is in need of upgrade and replacement
- The elevator is not equipped with a shunt-trip device required by current code
- Elevator cab recall is not tied to the fire alarm system

Space Program Needs

Space program deficiencies for the Adult Community Center include:

- Poorly configured and inefficient staff space to serve current program offerings
- Inability to offer health and wellness programs due to a lack of space and staff
- Insufficient amount of storage space
- Limited amount of multi-purpose "Hobby Room" space to host large events

Facility Options and Forecasted Costs

Option 1: Move the Adult Community Center to a new recreation/community center

(Costs are imbedded in the total estimated costs of \$58 million for the conceptual community center plan)

Option 2: Repair and upgrade the existing Adult Community Center

up to \$840,000

(This does not include costs to address space program deficiencies)

Other options for possible consideration:

- Build an addition to the Adult Community Center for health and wellness programs and storage space

Public Opinion Research Results

When provided with the option to move the Adult Community Center to a new multi-generational community center at the West End Building or keep the existing one and maintain the current level of senior services, 73% of the respondents in the large group studies said to keep and repair the existing Center, while 27% said to move it to a new community center at the West End Building.

West End Building

The West End Building was constructed in 1980 and is 88,872 square feet in size.

The City purchased the building in 2006 for \$20 million, which is financed using a variable rate short term line of credit. The City has paid \$2.2 million of interest on this line of credit over 5 semi-annual payments, or an average of approximately \$894,000 per year. The line of credit is due July 2009 and could be renewed through the City's lending institution. Building operations cost approximately \$250,000 annually.

The building currently houses the Parks and Recreation Department staff, recreation program space, and the Lake Oswego Interceptor Sewer (LOIS) project offices. Approximately 47,000 square feet of the building are not used at this time.

Building Condition

The West End Building's primary deficiencies are with the emergency access systems in the building's west wing, aging mechanical systems, the building's envelope, and various accessibility constraints for persons with disabilities.

Architectural deficiencies include:

- Public restrooms are outdated and do not meet federal accessibility requirements
- Other accessibility requirements are not met including handrail extensions and hardware
- The west wing of the building is currently unoccupied due to code compliance issues including alarm systems, emergency lighting and egress hardware among other items
- Change of occupancy designation from a 'B' Office use to an 'A' Assembly use requires a full code upgrade
- Original ceiling system is out of date, non-standardized size, and replacement tiles are not available
- Elevator is in need of major upgrade or replacement

Building envelope deficiencies include:

- Parapet copping appears to be leaking allowing water intrusion into exterior brick frames, causing damage to the exposed bottom plaster surface
- Copping and roofing at mechanical chiller are in need of repair and replacement
- Brick wall system shows signs of water intrusion in several locations as indicated by moss growth in weep holes and rusting bottom surface of steel lintels supporting brick veneer
- Existing non-thermally broken window system is aged and deteriorating requiring repair or replacement
- New single-ply roofing was not installed to industry standards and will need to be monitored.
- Second floor entry bridge waterproof surfacing is failing allowing water intrusion into bridge structure.

Structural deficiencies include:

- Non-conformance of seismic requirements for Essential Facilities for use as an emergency shelter, emergency operations center and police /911 Dispatch operations.
- Brick wall system has several areas where hairline cracks can be seen indicating settlement or deficiencies in the masonry support system.
- Original light fixtures are not structurally supported or seismically braced

Mechanical, electrical and plumbing system deficiencies include:

- Plumbing systems do not meet current ADA or low flow requirements
- The HVAC systems are beyond their normal life expectancy and are in need of replacement including the main air handlers and the central chiller plant

Space Program Needs

The current space for Parks and Recreation administration offices and indoor recreation programs and the LOIS project offices works well for current program uses. See **Exhibit P** for a summary of the various recreation programs provided at the West End Building.

West End Building Scenarios and Forecasted Costs

There are essentially six types of City functions/services that would work well at the West End Building. These are:

- City Hall
- Police and 911 Dispatch
- Existing Parks and Recreation administration/LOIS project offices
- Existing recreation program space
- Main Library
- Branch Library
- New recreation/community center

City Hall and the recreation/community center functions could each utilize most or all of the West End Building space. Other scenarios developed for the West End Building include a mix of the various services listed above. Space not used for City services could be leased. Given the critical nature of the existing City Hall building, the following scenarios for using the West End Building were grouped based on options for City Hall. Additional details on how costs for each scenario were developed are found in **Exhibit Q**.

City Hall at the West End Building

Scenario 1a: City Hall in the West End Building

Fund the purchase of the West End Building	\$20,000,000
Renovate the West End Building for City Hall (with Police/911)	\$8,700,000
Sell the existing City Hall property	<u>(\$4,100,000)</u>
Total Cost:	<u>\$24,600,000</u>

Scenario 1b: City Hall in the West End Building Branch Library in the West End Building

Fund the purchase of the West End Building	\$20,000,000
Renovate the West End Building for City Hall (with Police/911)	\$7,800,000
Renovate the West End Building for a Branch Library	\$1,300,000
Sell the existing City Hall property	<u>(\$4,100,000)</u>
Total Cost:	<u>\$25,000,000</u>

Scenario 1c:	City Hall in the West End Building	
	Main Library in the West End Building	
	Build a New Police Station/911 Center on West End site	
	Fund the purchase of the West End Building	\$20,000,000
	Renovate the West End Building for City Hall (without Police/911)	\$4,800,000
	Renovate the West End Building for a Main Library	\$4,600,000
	Build a new Police Station/911 Center	\$9,400,000
	Sell the existing City Hall property	(\$4,100,000)
	Sell the existing Library property	<u>(\$2,700,000)</u>
	Total Cost:	<u>\$32,000,000</u>

New City Hall in Downtown

Scenario 2a:	New City Hall (with Police/911) at existing City Hall site	
	Temporary City Hall in the West End Building	
	Sell the West End Building	
	Renovate the West End Building for temporary City Hall (with Police/911)	\$2,400,000
	Build a new City Hall (with Police/911)	\$21,700,000
	Build a new 266-stall parking garage for City Hall	\$6,700,000
	Carrying costs for West End Building (assume \$1million/year for 4 years)	\$4,000,000
	Loss from selling West End Building in 4 years (assume \$11,000,000 sale price)	<u>\$9,000,000</u>
	Total Cost:	<u>\$43,800,000</u>

Scenario 2b:	New City Hall (without Police/911) at existing City Hall site	
	Temporary City Hall in the West End Building	
	New Police Station/911 Center on West End site	
	Sell remaining West End Building and property	
	Renovate the West End Building for temporary City Hall (with Police/911)	\$2,400,000
	Build a new Police Station/911 Center	\$9,400,000
	Build a new City Hall (without Police/911) at existing City Hall site	\$9,600,000
	Build a new 75-stall parking garage for City Hall	\$2,200,000
	Carrying costs for West End Building (assume \$1million/year for 4 years)	\$4,000,000
	Loss from selling remainder of West End property in 4 years (assume a sales price of \$9.6 million)	<u>\$10,400,000</u>
	Total Cost:	<u>\$38,000,000</u>

Scenario 2c:	New City Hall (with Police/911) at another Downtown location	
	Sell the West End Building today	
	Build a new City Hall (with Police/911) at another Downtown location	\$21,700,000
	Build a new 266-stall parking garage for City Hall	\$6,700,000
	Sell the West End Building today (assume a sales price of \$8.5 million)	<u>\$11,500,000</u>
	Total Cost:	<u>\$39,900,000</u>

Repair Existing City Hall

Scenario 3a: Repair existing City Hall

Temporary City Hall (with Police/911) in the West End Building New Police Station/911 Center on West End site Sell remaining West End Building and property

Renovate the West End Building for temporary City Hall (with Police/911)	\$2,400,000
Build a new Police Station/911 Center	\$9,400,000
Repair existing City Hall (as a non-essential facility)	\$13,200,000
Carrying costs for West End Building (assume \$1million/year for 4 years)	\$4,000,000
Loss from selling remainder of West End property in 4 years (assume a sales price of \$9.6 million)	<u>\$10,400,000</u>
Total Cost:	<u>\$39,400,000</u>

Scenario 3b: Repair existing City Hall

Temporary City Hall (with Police/911) in the West End Building New Recreation/Community Center at the West End Building

Fund the purchase of the West End Building	\$20,000,000
Renovate the West End Building for temporary City Hall (with Police/911)	\$2,400,000
Repair existing City Hall (as an essential facility)	\$15,000,000
Build a community center at the West End Building	\$58,000,000
Sell the Adult Community Center property	<u>(\$4,000,000)</u>
Total Cost:	<u>\$91,400,000</u>

Scenario 3c: Repair existing City Hall

Provide Temporary City Hall at the West End Building Sell West End Building

Renovate the West End Building for temporary City Hall (with Police/911)	\$2,400,000
Repair existing City Hall (as an essential facility)	\$15,000,000
Move Parks & Recreation/LOIS Project to another office building	\$200,000
Parks & Recreation/LOIS Project lease costs over 10 years	\$1,600,000
Recreation Program lease costs over 10 years	\$1,500,000
Carrying costs for West End Building (assume \$1million/year for 4 years)	\$4,000,000
Loss from selling West End Building in 4 years (assume \$11,000,000 sale price)	<u>\$9,000,000</u>
Total Cost:	<u>\$33,700,000</u>

**Scenario 3d: Repair existing City Hall
Police/911 to the West End Building
Branch Library in the West End Building
Retain Parks & Recreation/LOIS Project in the West End Building
Lease remaining 35,000 square feet of West End Building**

Fund the purchase of the West End Building	\$20,000,000
Renovate West End Building for temporary City Hall (without Police/911)	\$1,400,000
Repair existing City Hall (as a non-essential facility)	\$13,200,000
Renovate the West End Building for Police/911	\$5,600,000
Renovate the West End Building for Branch Library	\$1,300,000
Tenant improvements and leasing costs	\$2,100,000
Net rental income over 10 years (24-month lease up period)	(\$3,400,000)
Total Cost:	<u>\$40,200,000</u>

**Scenario 3e: Repair existing City Hall
Sell the West End Building today**

Repair existing City Hall (occupied and as an essential facility)	\$17,500,000
Move Parks & Recreation/LOIS Project to another office building	\$200,000
Parks & Recreation/LOIS Project lease costs over 10 years	\$1,600,000
Recreation Program lease costs over 10 years	\$1,500,000
Sell the West End Building today (assume a sales price of \$8.5 million)	<u>\$11,500,000</u>
Total Cost:	<u>\$32,300,000</u>

Other options for possible further consideration:

- Lease the entire West End Building
- Consider a smaller, less costly recreation/community center at the West End Building
- Consider short term, low cost uses for the existing vacant spaces in the building
- Consider a longer term development strategy for the east end anchor for the Kruse Way corridor that includes the West End property and other key properties in the area.

Public Opinion Research Results

Participants were asked to choose among several possible options for using the West End Building. Below are the options and the level of support for each option:

Sell the property and move the Parks and Recreation Department to another office location.	30%
Build a new multi-generational Recreation/Community Center using the existing building.	28%
Renovate the building for a permanent City Hall.	16%
Renovate the West End building for Police and 911 Dispatch. Lease the remainder of the building.	9%
Build a new Police Station and 911 Dispatch Center. Sell the remainder of the property.	8%
Renovate the building for a temporary City Hall until a new City Hall is built downtown.	4%
Keep the building and maintain the current uses as Parks and Recreation Department offices and program space.	4%

There was no majority response for any of the options presented. The largest percentage was 30% which was to sell the West End Building. The remaining 70% choose other options that would result in the City retaining the property.

When asked separately about whether certain existing facilities and/or services should be moved to or built at the West End Building, the participants in the large group studies responded as follows:

Police and 911 Dispatch	48%
Branch Library	44%
Adult Community Center	27%
City Hall	23%
Main Library	18%

When asked whether the City should build a new multi-generational community center, 48% said “no” and 41% said “yes”. A majority of respondents to the online survey, 59%, said the City should not build a new community center.

Of those who responded “yes” to the previous question, 76% said a community center should be provided at the West End Building, and 11% said it should be built at another location.

When asked if the City should explore different options for a community center at the West End Building, such as one that’s smaller and less costly, the following responses were given:

Yes	46%
No	43%
Don’t know	11%

A final question to participants asked if it is determined to be less expensive to have City Hall, a Police Station, 911 Dispatch or a new Library at the West End Building, should the City keep the West End Building and seek voter approval of a bond measure to pay for the property. The results are:

Yes	49%
No	35%
Don’t know	16%

Funding Options

Several funding sources and financing options could be considered for addressing the various facility deficiencies. As options for facilities are narrowed, funding strategies will need to be developed.

Funding options include:

- General funds
- Enterprise funds
- General Obligation bonds
- Revenue bonds
- State and Federal funds
- Public/private partnerships
- Inter-agency partnerships
- Proceeds from selling surplus City properties

Limitations on using certain funds, especially enterprise funds, must be considered as funding options are developed for each facility.

Regarding surplus City properties, if City Hall, the Library and the Adult Community Center were relocated, these sites would become available as surplus properties. The City may have other existing properties that could be considered surplus. **Exhibit R** provides a list of City properties as well as a map of City and LORA properties in downtown. A review of these did not reveal any properties of significance that could be deemed surplus, at least at this time.

Possible Next Steps

With the background information presented in this report, City Council can consider what the next steps should be in the decision process for the West End Building and other key City facilities. A series of next steps could include:

1. Decide whether other facility options need to be explored
2. Determine if additional technical information is needed
3. Eliminate facility options that are either not feasible or highly unlikely to happen
4. Determine which of the significant facility issues need to be addressed over a certain time frame
5. Develop financing strategies for the highest priority issues
6. Consider partnerships with the private sector and other public agencies
7. Develop a public involvement plan that coincides with the above next steps in the process
8. Consider developing and adopting a long range City facilities siting plan that is consistent with and integrated into other City policies and plans
9. Develop a City facilities asset management plan using best practices for the long term planning, programming, budgeting and implementation of preventative maintenance and capital improvements for all City facilities.