

STATE CAPITOL COMMITTEE
General Administration Building, Room 324
Olympia, Washington
July 14, 2008
1:30 p.m.

Minutes

MEMBERS PRESENT

Brad Owen, Lieutenant Governor
Marty Brown, Governor Gregoire's Designee
Sam Reed, Secretary of State
Doug Sutherland, Commissioner of Public Lands

OTHERS PRESENT:

Alhadeff, Sally, Project Manager, DIS
Bremer, Linda, GA
Buker, Pat, GA
Cox, Jen, GA
Donald, Craig, GA
Doster, Martin, Mortenson Construction
Evans, Tom, GA
Forargue, Jon, Coldwell Banker
Fraser, Karen, State Senate
Friddle, Steve, City of Olympia
Gooding, Barbara
Hall, Steve, City of Olympia
Hawkins, Jeanette, Triway Enterprises
Hensel, Grant, GA
Holm, Ann
Pam Johnson, OST
Koal, Penny, GA
Leisenring, Flora
Lindgren, Cheri, Puget Sound Meeting Services

McDonald, Patrick, OSOS
Meier, Kurt, Meier Group LLC
Morris, Maureen, Olympia 2012
Ottavelli, Craig, Olympia City Council
Pacana, Renee, RAAD Enterprises
Parsons, Mike
Raad, Ali, RAAD Enterprises
Robinson, Gary, DIS
Sharar, Jackie Barrett, Olympia 2012
Springer, Lillian, GA
Stahley, Keith, City of Olympia
Stepelton, Andy, Leg Facilities
Strub, Rhenda, Olympia City Council
Sweeney, Mike, Arts Commission
Todd, Joanne, DIS
Tousley, Amy, Chair, Olympia Planning
Commission and Puget Sound Energy
Tucker, Kris, Arts Commission
Weydemeyer, Jan, City of Olympia

Welcome and Introductions

Lieutenant Governor Brad Owen called the State Capitol Committee (SCC) meeting to order at 1:35 p.m. The meeting agenda was published in *The Olympian*.

Approval of April 24, 2008 Minutes

Commissioner Sutherland moved, seconded by Secretary Reed, to approve the April 24, 2008 minutes.

The following correction was requested to the minutes of April 24, 2008:

- Revise the third from the last paragraph on page 2 to read, "Ms. Bremer said while it's important to preserve the state's process concerning land use activities around Capitol Campus, the isthmus rezone is a City of Olympia process."

Motion carried as amended.

Building Height on Olympia's 5th Avenue Isthmus – Proposed Rezone of Urban Waterfront

Lieutenant Governor Owen emphasized the purpose of the topic is to gather information.

Linda Bremer, Director, Department of General Administration (GA), reported that the City of Olympia representatives are prepared to make a presentation on the most current activities associated with the proposed rezone of the 5th Avenue isthmus. The Capitol Campus Design Advisory Committee (CCDAC) has reviewed the current proposal. A letter from the CCDAC has been forwarded to the City and the Planning Commission. Copies of the letter were included in the meeting materials.

Steve Hall, City Manager, City of Olympia, acknowledged the 5th Avenue rezone is important to both the state and City of Olympia. He provided an overview of the comprehensive plan amendment process. The property owner is requesting a change in downtown zoning to increase building height to meet market rate housing goals for the downtown. The Planning Commission held a public hearing on June 24, 2008. Numerous members of the public testified both verbally and in writing. The initial proposal included the properties next to the Olympia Yacht Club (OYC) and the fountain block. The current proposal concerns those properties immediately adjacent to the Capitol Center Building (between the old Kentucky Fried Chicken building and Capitol Center Building). The Planning Commission is deliberating a recommendation at its July 21, 2008 meeting, which will be forwarded to the City Council.

Mr. Hall reviewed the options available to the Commission to recommend. The current height limitation is 35 feet. One building has been approved at a height of 41 feet. The City Council will hold a public hearing on September 16, 2008. The Council will make a decision concerning the rezone this fall.

Craig Ottavelli, Olympia City Councilmember, reported proponents and opponents of the rezone have been very vocal to date. The City's process facilitates public input. The dialogue is shifting from a land use/height issue to a political issue. It's becoming difficult to glean good information to inform a decision. He said he appreciates the SCC's involvement in the process.

In response to a request from Lieutenant Governor Owen, Mr. Hall and Planning Commission Chair Amy Tousley reviewed key milestones to date.

Rhenda Strub, Olympia City Councilmember, said the rezone has become an extremely political issue. She said she values the City's relationship with the state and doesn't want to do anything to jeopardize that; however, market rate housing in the downtown will revitalize Olympia. The rezone represents the first serious proposal to provide market housing in downtown. The issue was debated in 2002. Members of the public believed the decision at that time was to develop the isthmus into a park when the decision was to zone the isthmus to accommodate a mixed use of office buildings and housing. Citizens do not understand that the "do nothing" option provides for three-story office buildings covering the entire isthmus at some point in the future. Councilmember Strub said CCDAC's letter speaks about the isthmus becoming an extension of Heritage Park and the importance of the site to Capitol Campus. If that's the overwhelming direction of the public, the City is not financially able to develop the site into a park estimated to cost \$100 million. Funding partners are needed. She asked that the SCC understand the political pressures, speak about the reality of three- and seven-floor structures, and if members echo similar opinions as the CCDAC, they need to share with Olympia how it can preserve the site for Washington citizens.

Mr. Hall described steps Olympia has taken to purchase properties along Water Street to complete the Fountain Block, which is the most critical view corridor from Capitol Campus through Heritage Park, the Fountain Block, and Percival Landing.

Discussion ensued on the isthmus and views advocated by Wilder and White as part of Capitol Campus. Councilmember Ottavelli provided a drawing illustrating the Wilder and White axis from the Temple of Justice Building through the center of the Fountain Block and beyond to Percival Landing.

Senator Karen Fraser added that the isthmus was envisioned as providing a broad vista of the Olympic Mountains and Puget Sound.

Mr. Brown asked whether the Olympia representatives reviewed the SCC's May 24, 2002 letter and how the recommended additions to design guidelines correspond with staff's recommendation for the isthmus rezone. Mr. Hall replied that the City has not recently reviewed the letter. Ms. Weydemeyer added that the 2002 proposal involved a larger area along Water and Columbia Streets and the isthmus. She outlined how staff has addressed the recommended additions contained in the May 2002 letter. The recommendation stating, "Require that building covenants include the understanding that adjacency to a public park implies periodic increased noise levels due to large gatherings and public events" will be addressed at a future point. The Draft Supplemental Environmental Impact Statement (DSEIS) discusses a view corridor study. Photo simulations from various points are available on the City's website.

Commissioner Sutherland shared that the longstanding partnership between the City and the state is extremely important with not only development in Olympia but also how the state approaches changes and improvements on Capitol Campus and activities the structures cause and create. The Heritage Center/Executive Office Building (HC/EOB) project will increase public access to full lake views to Budd Inlet. The view corridors are very significant. He encouraged the Council to consider how future land use will benefit the new HC/EOB and all state residents. Commissioner Sutherland acknowledged the huge magnitude of development in the City. He described his experience as Mayor for the City of Tacoma and a vision created in the 1980s that is finally becoming a reality. He asked for the Council to deliberate thoughtfully when it renders its decision. It's important to identify the critical piece to initiate a collaborative private and public investment partnership with the state, City, and other stakeholders.

In response to a question from Secretary Reed and a compromise proposed by the Olympia 2012 citizens group, Councilmember Ottavelli explained that the citizens group is suggesting a taxing district in partnership with the state for redevelopment and improvements to downtown. Funds would be used to acquire the Capitol Center Building and convert the site into a park. Another aspect of the compromise is to approve the proposed height amendments to the two blocks mentioned earlier (between the former Kentucky Fried Chicken parcel and the Capitol Center Building). The most significant piece of the proposal concerns a partnership with the state to empower the City to make choices that are not financially feasible at this time. The cost to acquire the Capitol Center Building site is approximately \$30 million.

Commissioner Sutherland said the SCC should continue to monitor the proposal and consider drafting a letter to the City prior to the Council's public hearing in September.

Senator Fraser reported she attended the Planning Commission's public hearing. Many members of the public spoke about blight. She offered an idea of the state conducting an inventory of its downtown properties to determine if any of its sites constitute blight.

Councilmember Strub commented that the Labor & Industries (L&I) and/or the Department of Ecology (DOE) buildings would have looked beautiful in the downtown. Downtown business owners have shared with her that their commerce took a significant hit when those jobs went elsewhere.

Lieutenant Governor Owen said the SCC should discuss any changes to the May 2002 letter. Giving the public an opportunity to provide feedback should the committee decide to take a position is prudent. The SCC is not prepared to do that today. The SCC does not typically hold public hearings and uses information gleaned from advisory committees to inform a decision. He indicated that he is resistant to issuing any type of a statement until the SCC hears from the public.

Commissioner Sutherland concurred. A draft of the letter should be available and the applicant and designated spokespersons should have a chance to speak on the proposal in an appropriate setting.

Secretary Reed referred to competing goals, such as the state's interest in a vibrant, dynamic, and viable capital city and the importance of Olympia's view corridors.

Mr. Evans advised that he'll follow up with members for scheduling a special meeting to discuss the isthmus rezone proposal and the May 2002 letter.

Secretary Reed thanked Olympia officials and staff for their thoughtful strategy and the public for remaining engaged in the process.

Lieutenant Governor Owen advised citizens to leave any written comments with GA staff.

An attendee provided Mr. Evans with a copy of a proclamation issued by six former governors.

Wheeler Site Development – Status Report

Gary Robinson, Director, Department of Information Services (DIS), provided an update of the Wheeler Site development project. A Guaranteed Maximum Price (GMP) was received for the proposal based on the design and program presented in prior meetings. After reviewing development and construction costs for two new office buildings and a data center, Governor Gregoire is taking a closer look at a scaled-down version of the project, which more closely resembles her original proposal to the Legislature. The project development team and leaders will meet with the Office of Financial Management (OFM) and GA to adjust and analyze plans for the DIS facilities. Staff will present the SCC with a redesign proposal for review and consideration prior to the end of the calendar year. The Legislature will need to approve the revised plan during the next session. DIS staff continues to work with the Attorney General (AG) and GA on an appeal of the State Environmental Policy Act (SEPA) determination for the initial design. The State Treasurer has requested a legal option on the financing mechanism included in the capital budget for the project.

Members discussed the status of the SEPA appeal. Mr. Robinson reported that a request to dismiss the appeal has been filed with the Hearing Examiner. Parties are working on discovery information. A public hearing before the Hearing Examiner is scheduled for September.

Heritage Center/Executive Office Building – Status Report

Elevation display boards depicting the most recent schematic design of the HC/EOB were provided. Craig Donald, Project Manager, reviewed the history of the project and the current status of the project.

Mortenson Construction was selected in May as the General Contractor/Construction Manager (GC/CM) for the project. In mid-June, a final draft schematic design was completed, which included many of the changes recommended by the CCDAC, as well as modifications to ensure the project meets budget. Staff received the Maximum Allowable Construction Cost (MACC). The MACC does not include design or project management costs. The current estimated project cost with the schematic design is approximately \$167 million, which is \$65,000 under budget.

Ms. Bremer spoke about the value of the schematic design process to ensure that essential functions, programs, and visions are sustainable.

Penny Koal introduced Marvin Doster, Construction Executive, Mortenson Construction. She reviewed changes to the design and site plan since the last SCC meeting:

- The building doesn't look significantly different and is oriented the same with an east/west axis to provide sustainability benefits.
- The grand staircase does not ultimately connect to Heritage Park.
- The road was repositioned to allow for organic landscaping as well as a different and more efficient configuration of the loading dock.
- The south elevation of the building facing Capitol Campus doesn't appear substantially different. The inside of the building was adjusted and positioned flush to save square footage. There are no changes to the building height.
- The terrace concept has been moved back 20 feet and is not as deep as previously envisioned. Cantilevering the building across the ravine was too costly. A nice landscaped area and patio is planned just outside the bottom terrace.
- More stone has been incorporated on the west and east ends of the building as recommended by the CCDAC.
- The north elevation includes a glass and stone exterior with a less depth in column spacing.
- A recess through the middle of the building was removed and replaced with stone to save square footage.
- Ceiling to floor ratios of 16 feet was reduced to 8 to 10 feet. Mechanicals located throughout the building have been consolidated in a single location. The ceiling to floor ratio for the museum program will remain at 16 feet. A similar approach was used for the storage and 10-12 foot ceiling to floor ratios are proposed for compact shelving areas. The initial box count was maintained for the archives program along with additional space to accommodate growth.
- Four elevations have been eliminated including the one proposed to provide access to Heritage Park.
- Adding two columns (eliminating clear-span columns) for structurally supporting the conference center cut \$1 million in construction costs and allowed a higher floor to ceiling height.
- An atrium was planned through the middle of the EOB for light purposes. The cost benefit analysis revealed the atrium would not function as envisioned, and has been eliminated. Other skylights taking up valuable real estate have also been eliminated along with mechanical smoke evacuation equipment.
- Reductions to stone site materials have been made consisting of concrete pavers within plaza areas and cast concrete for service driveways. Terrazzo flooring will replace the stone planned for the grand entry floor.

Ms. Koal described the next steps of reconciling the GC/CM and architect schematic design budget estimates, adopting a schematic design, and initiating the design development process by the end of the

year. The process should be 90% complete with Construction Documents (CDs) in spring (April/May) 2009. A negotiated MACC with the GC/CM will advance financing at the end of the biennium. Construction of the buildings can then begin.

Discussion ensued on the square footage of the buildings, the design process to date, and separating the HC/EOB project from the DIS project.

Secretary Reed indicated that it's unfortunate the elevator to Heritage Park was eliminated.

Ms. Bremer noted that the elevator to Heritage Park was not part of the initial scope.

Ms. Koal responded to questions from Commissioner Sutherland. Demolition of the GA Building is targeted for February 2010. It's likely there are activities that can be completed between setting the MACC and when construction can begin.

Other Business

Lieutenant Governor Owen reported Patrick McDonald's military unit has been called again for assignment to Iraq. Mr. McDonald reported he is leaving for Iraq on September 3, 2008.

Adjournment

With there being no further business, Lieutenant Governor Owen adjourned the meeting at 2:52 p.m.