

**STATE CAPITOL COMMITTEE**  
**Legislative Building, Senate Rules Room**  
**Olympia, Washington 98504**  
**August 22, 2012**  
**10:00 a.m.**

**Minutes**

*(Approved: December 6, 2012)*

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**MEMBERS PRESENT**

Brad Owen, Lieutenant Governor  
Peter Goldmark, Commissioner of Public Lands  
Patrick McDonald (for Secretary of State Sam Reed)  
Marty Brown, Governor Gregoire's Designee

**OTHERS PRESENT:**

Rob Ahlschwede, Citizen	Tom Lindahl, WSP
Julie Blume, DES	Travis Matheson, WSP
Kim Buccarelli, DES	Nancy McKinney, SPSCC
Jim Garren, DES	Sue Patnude, DERT
Karen Fraser, State Senate	Gerald Pumphrey, SPSCC
Stefanie Fuller, DES	Mike Reid, Port of Olympia
Tom Gow, Puget Sound Meeting Services	Bonnie Scheel, DES
Tom Henderson, DES	Brad Shannon, The Olympian
Bob Jacobs, Olympia Capitol Park Foundation	Keith Stahley, City of Olympia
Nathaniel Jones, DES	Linda Sullivan-Colglazier, Attorney General's Office
Steve Lewandowski, OFM	Joyce Turner, DES

**Welcome and Introductions**

Lieutenant Governor Brad Owen called the State Capitol Committee (SCC) meeting to order at 10:05 a.m. A quorum was present. The agenda was published in *The Olympian*. Public comments regarding a specific agenda item will be received when the agenda item is under consideration. All other comments for items not on the agenda will be received at the end of the meeting.

**Approval of Agenda**

**Peter Goldmark moved, seconded by Marty Brown, to approve the agenda, as published. Motion carried.**

SCC will review three items on the Agenda for Action: Approval of the March 29, 2012 Minutes, DFW Properties *Port Purchase - Parcels B and C*, and SPSCC *Rowe-Six Property*; and one item for Information: DES Update - *Status Report*.

**Approval of Minutes – March 29, 2012**

**Peter Goldmark moved, seconded by Marty Brown, to approve the March 29, 2012 minutes, as presented. Motion carried.**

**DES Update – Status Update**

Joyce Turner, Director, Department of Enterprise Services (DES), provided an update on activities since the last report.

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DES is celebrating its tenth month of existence. Ms. Turner said she's incredibly proud of the work completed by the employees of DES. Employees embraced the intent of the legislation creating DES and are making good progress.

The agency continues to fulfill responsibilities outlined in the agency's Action Plan. In addition to action items, the agency is pursuing procurement reform by examining the common and standard approach for contracting to increase efficiency and save costs. The agency is moving forward in technology to offer electronic bid documents and electronic signatures. A website will feature information on contracts, bids, and awards providing greater transparency to the public and vendors.

The agency is working on a major IT project involving a time, leave, and attendance project partnering with the Departments of Transportation and Ecology as well as the Office of Financial Management (OFM) and the HR Director's Office to build a system to track attendance, schedule employees, and provide online service to state employees. The agency is also undertaking a rate review of all rates and discovered that a number of similar services are charged at different rates. There are also many different billing methods. Resolving rates and billings will result in time and efficiency savings for all agency partners.

Additionally, DES created a Customer Management Team. The team has met with agency partners to increase and improve services to agency partners. The agency is currently implementing the LEAN program and has completed two LEAN projects with six currently underway. The demand for LEAN improvement projects is tremendous. The agency is applying the LEAN program to every process within the agency.

Tom Henderson, Facilities Assistant Director, provided a facilities update. The agency received approximately \$2.5 million for energy saving programs and client agency projects. New staff members were hired to support many of the projects.

Work on the Natural Resources Building is continuing with scaffolding installed around the south side of the building. Material has been placed on the roof of the building to repair the parapet and the water intrusion problems the building has been experiencing as well as replacement of windows on the south side of the building along the upper portion of the building. The project is on schedule with work activity increasing toward the end of the week.

Cleaning and repair of the Legislative Building is underway with the receipt of the supplemental budget of \$1.4 million.

Commissioner Goldmark asked about the interval for cleaning the dome and the Legislative Building. Mr. Henderson said that typically the interval is five to six years between cleanings.

Mr. Henderson reported SRG Partnership is currently working on the reuse study for the General Administration (GA) Building. Staff anticipates a final report from SRG Partnership in December.

The department is working on the selection of the consultant for the Capitol Lake dredging project. Negotiations are underway for the fee schedule. The department is considering a company that recently completed an urban corridors project involving the Alaska Way Viaduct and the SR520 Bridge. The company has experience in permitting and will assist DES in building a roadmap for the permitting process for dredging the lake.

Demolition of the old IBM Building was approved by the committee at its last meeting. Currently, DES is working with the Department of Architectural and Historic Preservation for consultation and approval, which is necessary because the building is over 50 years of age. DES is negotiating with MSGS for the design and restoration of the site. A demolition agreement will be developed for releasing the bid.

The west campus will experience some underground utility work later in the fall that should be completed by the end of November.

The hydronic loop project has been deferred until after the session because of the lack of time to complete the project.

Mr. Brown asked whether information on the GA reuse study could be available prior to December in the event funds are needed for inclusion in a capital request. Mr. Henderson said the consultant is reviewing previous studies, cost estimates, and some research into the structure of the building in terms of floor loading, which will have a major impact on cost and reuse. He offered to provide the committee with the information.

Mr. McDonald asked whether the work on the DNR Building changes the visual appearance of the building. Mr. Henderson advised that the work is repair and doesn't change the visual appearance of the building.

Mr. McDonald asked whether the GA study is also considering the cost benefits of reusing the building. Mr. Henderson said the study is intended to address questions contained within the proviso. There is insufficient funding to complete a comprehensive review. A decision will be necessary in terms of whether additional investment in the building makes sense.

Mr. McDonald asked about the age of the IBM Building as the archives include photographs of the site with a house on the lot in the 1960s. Mr. Henderson said he believes the IBM Building was constructed in 1954. Mr. McDonald asked why the department's landscape architects were not utilized for a simple parking landscape instead of hiring contract landscape architects. Mr. Henderson responded that the agency is considering the restoration of the site and does not plan to construct a parking lot because of the economy. The project is considered a public works project involving demolition and design.

**DFW Properties – Port Purchase Parcels B & C**

Mr. Henderson referred the committee to a map of three Washington Department of Fish and Wildlife (WDFW) parcels. The request pertains to Parcels B & C. DES is currently in discussions with the City of Olympia for Parcel A.

Parcels B & C were declared surplus in December 2010. DES has been seeking a purchaser and the first consideration is offering the parcels to other public agencies. The Port of Olympia offered a purchase and sale agreement to purchase Parcels B & C. Parcel B is approximately .72 acres and has a small office building of 720 square feet. Parcel C includes a 42,700 square foot industrial/warehouse building on a 1.43 acre site. The purchase price for both parcels is \$925,000,000 with 10% down and a 120-day due diligence study on the parcels. After the review and acceptance by the Port of Olympia, the intent is moving forward with the sale to close within 60 days. Mr. Henderson reported the department requires the committee's approval for any sale of state property in Thurston County. He referred to a motion for the committee's consideration.

Commissioner Goldmark asked whether the Port owns property adjacent to the parcels. Mike Reid, Port of Olympia, affirmed that the Port owns adjacent properties. Commissioner Goldmark asked about the Port's intent for the parcels. Mr. Reid said in the short-term, the parcels will provide additional parking in the Market District. In the longer term, the Port anticipates utilizing the parcels for commercial development in the district.

Commissioner Goldmark asked about the process for assessing fair market value of the parcels. Mr. Henderson said the fair market was established through a professional market assessment of the parcels.

Mr. Brown asked about the disposition of the proceeds as the properties were acquired with WDFW funds. Mr. Henderson said DES is handling the sale of the property and OFM is handling the disposition of the sale funds. Commissioner Goldmark asked whether the properties were purchased with general fund money. Mr. Brown said he believes the parcels were purchased with WDFW funds and the funds from sale of the parcels will likely be returned to WDFW.

**Peter Goldmark moved, seconded by Marty Brown, to authorize the Department of Enterprise Services, acting on behalf of the Department of Fish and Wildlife, to sell those certain parcels of state-owned real estate located at the following address:**

**Parcel B: 608 NE Washington Street**

**Parcel C: 516 NE Washington Street**

**To the Port of Olympia. Motion carried.**

**SPSCC – Rowe-Six Property**

Lt. Owen recognized SPSCC President Gerald Pumphrey, SPSCC Vice President Nancy McKinney, and DES Acquisition & Disposal Manager Stefanie Fuller.

Mr. Pumphrey reported that over the last 15 years, South Puget Sound Community College (SPSCC) has operated a second location at the shopping center off Marvin Road in Lacey. In that location, the college conducted a large amount of high quality training for state agency employees, private companies as well as offering English as a Second Language Program, Community Education Services Program, and courses toward an associate arts degree. Periodically, the college has reached capacity in the facility with no room to expand. The college is also exceeding capacity at its west Olympia campus with parking a key limitation. In terms of overall institutional capacity, SPSCC has a need to expand because it's no longer practical or cost effective to expand the west Olympia campus because of the need to treat surface stormwater, which limits the college's ability to expand parking facilities. Additionally, according to Thurston Regional Planning Council's projections, Thurston County is projected to grow by 170,000 citizens by the 2040 with most of the growth occurring in the north eastern portion of Thurston County.

The SPSCC Board of Trustees purchased 54 acres of land off Marvin Road north of Interstate 5. Some preliminary work has occurred on the property including a mitigation project for wetlands and to increase the buildable footprint of the property. Preliminary projections from architectural and engineering firms indicate a need for a \$30 million investment in infrastructure improvements prior to construction of any building on the site. That increases the cost of

building on the site considerably. Based on the state's budget situation and the pipeline of projects for community college projects, SPSCC has determined it will not have an opportunity to construct a building on the site within the next 10 to 15 years.

SPSCC also reviewed the commercial real estate market and found opportunities because of the depressed commercial market and the low cost of borrowing funds. In search of a mid-term strategy for the next 10 to 15 years, SPSCC reviewed a variety of commercial properties and identified the Rowsix Office Park off 6<sup>th</sup> Avenue in Lacey as the best value for the college. Some of the attractive features are its adjacency to the Lacey Transit Center for bus access by students, access to a variety of local services, such as restaurants to provide food service, and proximity to many IT training clients.

Mr. Pumphrey requested approval for the college to purchase the property using the funds accumulated in the SPSCC from tuition over many years.

Ms. McKinney added that the college will complete some renovations of the building. SPSCC plans to secure financing during the next session that will be funded from local capital funds generated by contract training revenue.

Commissioner Goldmark acknowledged the review of the issue and the need to expand. He asked why the college wouldn't reposition the resources to the new site instead of maintaining both sites. It appears this site has some attractive opportunities. He questioned why the college wouldn't center its operations at the new site instead of maintaining two separate parcels. Mr. Pumphrey replied that the cost of maintaining the undeveloped land on Marvin Road is quite low. Over the long term, more can be achieved on 54 acres rather than on 8 acres. SPSCC envisions the purchase as a mid-term strategy with the total cost including any tenant improvements far below the cost of any infrastructure improvements that are necessary prior to construction of the first building, which would equate to approximately three times the total cost of this proposed project. This mid-term project makes good sense. Over time, the college envisions a second campus equivalent to the west Olympia campus, especially since the population growth in northeast Thurston County is projected to support that campus.

Commissioner Goldmark asked whether the college has a long-term plan with a timeline tied to today's economic realities. Mr. Pumphrey said SPSCC has completed a 20-year campus master plan to be revised as the strategic plan is updated. The long-term plan calls for the build-out of the campus off Marvin Road. The property in west Olympia is 101 acres. Having a campus serving the same population on eight acres is not feasible over time. It's clearly a mid-term strategy in terms of the carrying costs for the 54 acres.

Commissioner Goldmark asked whether the long-term strategic plan evaluates transportation issues both favorable and unfavorable for selecting a campus location as the Marvin Road area is near transportation capacity. Mr. Pumphrey replied that over the long term, the City of Lacey is planning to develop its Gateway Center where transit will be offered closer to the SPSCC site. Currently, the college subsidizes Intercity Transit to provide frequent service to the west

Olympia site. Currently, Intercity Transit is not serving the Gateway project area. As that area develops, transit service will be extended to the college site.

Commissioner Goldmark commented that the Marvin Road area is nearing capacity in all forms of transportation modes. Ms. McKinney added that as part of the site improvements, the college is expected to provide a roundabout and an east/west corridor adjacent to the property. Commissioner Goldmark asked whether the future facility is located on the north or south side of I-5. Mr. Pumphrey replied that the site is immediately south of the Target Distribution Center.

Mr. McDonald asked about the square footage vacated when the college relocates to the new site. Mr. Pumphrey said the Hawks Prairie lease terminates in 2015 for 22,000 square feet. The near-term plan is utilizing the 47,000 square foot building and concentrating tenant improvements in that building until the college needs to expand. Mr. McDonald commented that parking at the Lacey site will be challenging although transit is located nearby. He asked about other parking plans for the site. Mr. Pumphrey said the site includes 300 parking spaces of which the college is entitled to use 175 spaces. There are also parking spaces at the nearby shopping center. Eventually, parking will be challenging at this site. The only solution is similar to the west campus site of structured parking, which is very expensive.

Mr. McDonald commented on the proximity of the college to St. Martin's University, which likely will provide opportunities for St. Martin's students. He asked about the timeline of the project, if approved. Mr. Pumphrey said there are many ongoing opportunities for collaboration with St. Martin's University. The University has recently reinstated its bachelor of science and nursing program based on the foundation of SPSCC's associate degree registered nursing program. SPSCC also contracts with the University to offer engineering classes to afford the college an opportunity to offer an associate degree in science and pre-engineering. Mr. Pumphrey said the plan is to be in the facility by the fall of 2015.

Ms. McKinney added that some of the smaller buildings also create opportunities for additional parking.

Mr. Brown commented on a question pertaining to his participation in the decision since he's been appointed as a member of the State Board for Technical and Community College effective next month. The decision for purchasing the property was rendered in June prior to any consideration of his membership on the Board. He only learned about the proposal when staff informed him of the agenda topics for the meeting. The committee expressed no concerns with Mr. Brown's participation in the decision.

Commissioner Goldmark said he questioned the purpose of the committee's review and action of the request prior to the meeting but has since learned that any action concerning state property within Thurston County is considered by the State Capitol Committee.

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**Peter Goldmark moved, seconded by Marty Brown, to authorize the State Board for Community and Technical College on behalf of South Puget Sound Community College to purchase property at 4224 6<sup>th</sup> Avenue S.E., Lacey, WA (Legal Description : Ptn NW ¼ SE ¼ S17 T18, R1W, Assessor's Tax Parcel Number: 11817421500. Motion carried unanimously.**

**Adjournment**

**With there being no further business, Lt. Governor Owen adjourned the meeting at 10:42 a.m.**

Prepared by Valerie L. Gow, Recording Secretary/President  
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