



FACT SHEET

Esther Short Building 610 Esther Street

BACKGROUND

- In 1998, the City of Vancouver started to annex large sections of the Urban Growth Boundary in accordance with the Growth Management Act. The annexations nearly doubled the size of Vancouver over a 10-year period to a population of 160,000.
- During this last decade, the City conducted two feasibility studies looking to locate a new City Hall in downtown Vancouver, consolidating staff from five separate buildings, to one. Each study recommended consolidating staff into one building for efficient public service.
- The City planned to purchase or build - thus reducing rental expenses through consolidation. Future savings would be realized through building ownership once the mortgage was paid off.
- Another identified goal was to create a “one stop shop” for citizens - offering easy access to a variety of City programs and services that had previously been housed in separate buildings. Citizens seeking to attend City Council meetings, to offer feedback, apply for business licenses, building permit or parking permits, sign up for recreation classes, pay water bills or parking tickets all could visit one central easy-to-find location.
- In 2006, the City identified the 610 Esther Street building as a prime location for a City Hall in downtown Vancouver. At this time the City entered into a lease / purchase agreement between the National Development Council (NDC) and Vancouver Community Properties.
- In 2007, the Columbian newspaper built a LEED gold certified building (118,000sf) south of Esther Short Park at 416 West 6th Street. In 2008, eight months after moving in, the Columbian turned the new building over to the bank through foreclosure proceedings and the building was listed for sale.

LEASE / PURCHASE SUMMARY

- In 2006, the City entered into a 63-20 transaction with a nonprofit corporation, Vancouver Community Properties (“VCP”) relating to the acquisition of the Esther Short Building for the benefit of the City.
- Under the terms of the original interim financing, VCP acquired the property, financed with a loan from a commercial bank. VCP, in turn, leased the property to the City under a lease that provided for payments sufficient to pay the monthly loan payments to the bank.
- The bank interim financing note was pre-payable at any time without penalty, and under the terms of the note, the bank had the option to tender it for prepayment on October 17, 2011.

- Originally, it was anticipated that the interim financing would be extended/converted into a long term financing. Nevertheless, the City determined that it would be financially advantageous to arrange for the financing through lower-cost internal City funding, rather than continuing to utilize the 63-20 financing mechanism.
- On October 17, 2011, the City paid off the underlying bank financing and title to the property was transferred from VCP to the City.
- Since the City acquired the 415 building at a price less than what it would cost to build new a new city hall on the Esther Short site, the Esther Short Building is to be declared surplus for City purposes.
- The City further applied a revenue windfall from the Brokered Natural Gas refund for years 2009 and 2010 of \$1.8 million to offset the cost of the building. The balance is funded through an inter-fund loan.
- The Esther Short Building was advertised for sale through our broker shortly after the purchase of the 415 building closed.

For more information, contact Tim Haldeman, Vancouver General Services Director, at (360) 487-8495, or via email at tim.haldeman@cityofvancouver.us.