



FREQUENTLY ASKED QUESTIONS

Consolidating Facilities / Saving Money Replacing the Citizens Services Center

Q: Is the City of Vancouver going to buy the former Columbian building?

A: The city has an unprecedented opportunity to purchase the building at 415 W. Sixth Street, formerly occupied by the Columbian and now owned by Bank of America, and the adjacent vacant land, a total of 5.14 acres, at a fraction of its price to capitalize on long-term savings. By owning one site vs. renting multiple locations, the city expects to realize significant budget savings and improved efficiency. The final decision on the purchase rests with the Vancouver City Council.

Q: What's the problem with the current situation?

A: Currently, about 300 city employees are scattered across five different locations over at least 10 miles. All but one facility is leased. Leasing was meant to be a temporary solution. Instead, it has become a budget drain, with rents rising at a faster rate than city revenues. The current situation also limits the city's ability to provide more streamlined customer services.

Q: How can the city afford to buy this building now when facing a \$10 million deficit?

A: The purchase would reduce the city's annual, ongoing operating costs by approximately \$1 million beginning in the 2011-12 biennium -- the city simply must consider this option. Renewing existing leases, on the other hand, would exacerbate the ongoing operating budget deficit.

Q: Is the building big enough to meet the City's needs now and in the future?

A: Yes. Currently, about 28 percent of the building is leased to private tenants. Though only very modest growth in employees is projected - if any - in the services to be housed in this building, the remaining 83 percent of vacant space would accommodate current employees, as well as more than a decade of growth without displacing tenants.

Q: What is the total project cost?

A: Total project cost is about \$23 million. Purchase price for the building and land, totaling 5.14 acres, is \$18.5 million. The remaining cost includes completing unfinished portions of the building and fitting it for city services. One-time resources for the purchase are \$12.5 million. Bonds to be issued are \$10.5 million.

Q: What funding would the city use to buy the building?

A: Funding for purchasing the building would come from money now spent on rent, operations and maintenance of existing facilities, and from resources legally restricted to capital uses. No additional funding would come from the General, Street and Fire Funds, which pay for such things as police, fire transportation and parks.

Q: How long will it take the city to pay off the mortgage on this building?

A: It will take 25 years to pay off the "mortgage." In that time, the city expects to save \$29 million in rent. Additional savings are expected in maintenance, energy and efficiency costs.

Q: Where will the city get the money for the ongoing "mortgage" payments?

A: Currently, the city is paying more than \$2.45 million in existing rents and operating costs. We estimate it will cost about \$1.5 million to pay for operations and remaining debt on this energy-efficient building and the adjacent land, totaling 5.14 acres. Also, 28 percent of the former Columbian building is already pre-leased. Revenue from those leases is expected to help offset the city's cost of ownership.

Q: Will buying a new building take money out of ongoing budgets for services like police, fire and transportation and parks?

A: No. Purchase of a consolidated building would come from already identified, dedicated Capital funds and existing dollars set aside for rent and maintenance. The portion of the city's budget now dedicated to leases, operations and maintenance of existing facilities would be reduced, saving money for ongoing operations.

Q: Will the City raise taxes to pay for a new building?

A: NO.

Q: I'd like to see details of the funding for the purchase. Can you break that down further?

A: One-time costs for purchasing the building would come from these sources:

- \$5.2 million in general capital dedicated for an administrative facility, including proceeds from sale of the former Citizens Service Center and Eberle building, savings from major facilities maintenance projects, and other resources
- \$1.8 million in General Capital Real Estate Excise Tax, legally restricted to capital needs
- \$3.6 million from the Building fund
- \$1.4 million from a 2008 capital bond
- \$0.5 million in grants

Q: Why spend the money on a new City Hall and Service Center instead of other capital needs, rebuilding fire stations or building parks?

A: Unless the city can get out from under multiple leases, more and more money will have to be spent on rising rent costs. Using capital funding to rebuild fire stations would be a one-time expense with no ongoing budget savings. Purchasing the building is critical to containing costs and having the financial predictability needed to tackle issues such as renovating public safety and operations facilities.

Q: Is there adequate parking available?

A: Yes. The parking lot constructed for this building complies with current city parking requirements.

Q: What's the impact of the city taking this building off the tax rolls and making it a public facility?

A: The net negative impact to the city's tax rolls when consolidation is complete is estimated to be about \$22,000 a year. That's a fraction of a percent of the City's total annual property tax revenues.

Q: What steps is the city taking next to ensure this is handled properly and fairly?

A: The city engaged a local real estate broker to explore purchase options, and sought input from a panel of local real estate professionals and business experts. The third-party professionals helped ensure business and financial aspects were properly considered and negotiations handled fairly, with taxpayers' interest as the top priority.

Q: Is this a new idea?

A: The need to consolidate city workers and facilities, and go from renting to owning, is not a new idea. A new City Hall and Citizens Service Center has been explored for more than a decade, including constructing new or expanding an old one. In all cases, consolidating into one facility has been the preferred option. Building a new facility is almost twice as expensive as purchasing an existing building at this deeply discounted price. The price and suitable vacant space at 415 W. Sixth Street are what make this option affordable and practical.

Q: Would this fulfill the city's commitment to citizens regarding the Citizens Service Center?

A: Yes. When the city sold the old Citizens Services Center, the city pledged to return those services to the downtown area within five years. Purchasing this building would fulfill that pledge to citizens.

Q: What if we do nothing?

A: Based on current leases and current market rates, the cost of renting is likely to be significantly higher in the future, further impacting the ongoing operating budget, and more maintenance will be needed on older facilities. It's unlikely the city would be able to find another suitable building at this price.

Q: What are the next steps?

A: The schedule currently calls for a City Council Workshop and First Reading on June 7, with proposed ratification of the Purchase and Sale Agreement and a public hearing on the related budget action on June 14.

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