

Exhibit A

Supplemental Budget Request

Administrative Services

Facilities Management

<i>Suppl ID #</i> 4583	Fund	Cost Center	Originator: Rob Ney
Year 2 2024		Add'l FTE <input type="checkbox"/>	Priority 1

Name of Request: Unity Street Acquisition Project Fund

X

Department Head Signature (Required on Hard Copy Submission) **Date**

<i>Costs:</i>	Object	Object Description	Amount Requested
	6190	Direct Billing Rate	\$150,000
	7070	Minor Remodeling	\$1,000,000
	7350	Buildings & Structures	\$4,100,000
	8301	Operating Transfer In	(\$5,250,000)
	Request Total		\$0

1a. Description of request:

As the Council is aware, we have no additional office space within our existing fleet of buildings. It has been a goal of the Executive's Office and Facilities to seek out buildings that may meet the County's criteria for either rent or purchase. Because of the financial investment associated with improvements to a building, it is preferred to acquire buildings that we invest heavily in.

Additionally, the overarching need to create additional area for the court system within the Courthouse is a top priority.

Background:

In late 2022, Whatcom County leased 104 Unity Street, a small 2,832 square foot office suite located in a larger building known as 110 Unity Street. A division of our Health Department is currently located in that suite.

This building is owned by Unity-Flora Development LLC, commonly known as the Mount Baker Theatre Foundation. This building was purchased as investment property in 2019.

I was contacted by the Executive Director of the Mt. Baker Theatre in May of 2023. The intent of the contact was to explore the County's desire to lease the remainder of the main floor, which was to be vacated by the current tenant Hub International. I toured the suite with the Executive Director and mentioned that we would be quite interested in the suite, but might also be interested in purchasing the entire building. Over the past several months, a tentative verbal agreement was made to purchase the site at the appraised value, pending Council approval.

Acquisition Would Include:

110 Unity Street- Two-Story building, approximately 21,800 square feet, and associated off-street Parking in the rear. The Building is currently divided into three Suites: 104 Unity (Health), 110 Unity (formerly HUB International), SPIE lease in basement for warehousing.

121 Unity Street- Currently a restaurant (Best Chopsticks), and associated parking bound by alley on west, Unity Street on east, Flora Street on North, and the adjacent building to the south (not included).

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Appraisal Price:

As requested by the current land owner, the appraisal considered two scenarios: 1) The area west of Unity Street (including the Best Chopsticks parcel), and 2) the 110 Unity Building east of Unity Street. There was also a consolidated price that included both parcels. The County was steadfast that a purchase of the building should include the larger parking area to the west of Unity (which came with Best Chopsticks).

Best Chopsticks Parcel- \$1,358,000
110 Unity Parcel- \$3,425,000
Combined Property- \$4,100,000

This ASR would include the purchase price of \$4,100,000, but also an anticipated tenant improvement of \$900,000, for a total \$5,000,000.00.

Future Tenant Improvements costs would include:

- Survey
- Creation of Offices
- Security Improvements to the building
- HVAC Improvements for building automation and efficiency
- Conversion of lighting to LED for energy conservation

1b. Primary customers:

Future Tenants of this building.

2. Problem to be solved:

The County has no inventory of office space for expansion. Facilities has been searching for additional office space within the Downtown Core to expand. Many of these offices have issues with accessibility and are quickly ruled out as options.

3a. Options / Advantages:

Facilities has toured many buildings in the Downtown Core. This is one of the first that is accessible, and has very good bones.

Facilities has toured this building, surveyed the mechanical equipment and feels very comfortable with the current state of this building. Facilities is aware of future HVAC improvements that will be necessary to comply with the Clean Buildings Act. To the extent possible, all improvements will work towards energy efficiency.

3b. Cost savings:

Facilities will be prudent in future improvements to ensure cost effective design and future maintenance costs.

4a. Outcomes:

Once funding is in place, the County will purchase the building and begin master planning the improvements. These improvements will be dependent upon defining the future department that will be housed in this space.

4b. Measures:

Once the building is acquired and planning for future improvements are in place.

Successful completion of the future tenant improvement project.

5a. Other Departments/Agencies:

This project will have no impact to other staff other than minor inconveniences during construction.

5b. Name the person in charge of implementation and what they are responsible for:

Rob Ney, Project & Operations Manager

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6. Funding Source:

Capital Facilities Reserve Fund 395.