



## Memorandum

**Date:** 2/20/2024  
**Meeting of:** City Council

**File No.** AM No. 24-026  
**Type:** New Business

**TO:** Members of the City Council  
**FROM:** Mayor Angela Birney  
**DEPARTMENT DIRECTOR CONTACT(S):**

Public Works	Aaron Bert	425-556-2786
Parks	Loreen Hamilton	425-556-2336
Finance	Kelley Cochran	425-556-2748

**DEPARTMENT STAFF:**

Public Works	Eric Dawson	Senior Engineer
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**TITLE:**

Approval of a Budget Increase for the Redmond Senior and Community Center of \$3,700,000 for a Total Project Budget of \$61,700,000

**OVERVIEW STATEMENT:**

The current approved budget for the senior and community center is \$58,000,000. This request increases the overall project budget due to project change orders, an extended project duration, and additional consultant and city staff time to address required changes during construction.

Much of the financial risk has been realized and is known since the project is approximately 85% complete. An aggressive schedule due to the public safety need, inflation, and an active construction market have been reasons contributing to higher than initially anticipated construction costs (see Attachment B - Additional Project Information). This budget adjustment request includes contingency in the additional estimate to complete and staff anticipates this will be the final budget request to complete the project.

☐ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

☐ **Receive Information**      ☐ **Provide Direction**      ☒ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**
  - Envision Redmond Senior Center Building Stakeholders Report March 2020
  - Redmond Community Strategic Plan
  - 2017 Community Priorities for the Future of Redmond's Community Centers Report

- Redmond Comprehensive Plan
- Redmond Parks, Arts, Recreation, Culture, and Conservation (PARCC) Plan
- Redmond Facilities Strategic Management Plan
- 2017-2022 Redmond Capital Investment Program (CIP). Redmond Zoning Code 21.10.070B
- **Required:**  
 City Comprehensive Plan: FW-23, CC-12, PR-19, PR-35, PR-36, PR-37, PR-38, UC-19, UC-20, DT-12, and DT-15, Redmond Zoning Code-RZC 21.10.070, RCW 39.10
- **Council Request:**  
 N/A
- **Other Key Facts:**  
 Due to the closure of the previous senior center, the City made a decision to pursue an aggressive timeline which included breaking the project into multiple building permits. During design consultation with the General Contractor/Construction Manager (GC/CM), the project team elected to break the construction project into two parts so material procurement that was impacted by the COVID related supply chain issues could begin before design was 100% complete.

Despite early material procurement, supply chain delays continued throughout the project, causing delays to the project which impacted original cost projections for material, labor and general contractor costs. Early material procurement bidding necessitated change orders to the contract as the design evolved to accommodate materials that met revised design requirements.

**OUTCOMES:**

Approval of the funding request allows for the completion of the senior and community center and keeps the project on track for an opening in the spring of 2024.

Staff proposes that the additional funding be provided from the Real Estate Excise Tax (REET) fund which has an adequate unallocated fund balance. The REET fund accumulated a healthy fund balance during the COVID-19 pandemic when it was expected that real estate and development activities would decline and instead the level of activity increased. As shown below, the fund has \$8.9M of unallocated fund balance. The use the funding for this project will impact the city's ability to fund other future capital investment projects. The projects that are not able to be funded during the upcoming budget process will be shared with Council during Study Session's in June.

Description	2019-2020	2019-2020	2021-2022	2021-2022	2023-2024	2023-2024
	Budget	Actual	Budget	Actual	Budget	Estimated Actual
Beginning Fund Balance	\$ (6,507,085)	\$ (6,507,085)	\$ (15,420,213)	\$ (15,420,213)	\$ (25,081,802)	\$ (25,081,802)
REET Revenue	\$ (10,000,000)	\$ (17,035,095)	\$ (10,200,000)	\$ (21,043,575)	\$ (14,000,000)	\$ (11,000,000)
Investment Interest Revenue	\$ (30,000)	\$ (418,367)	\$ -	\$ (410,414)		

Transfers Out - Parks	\$	\$	\$	\$	\$	\$
	5,624,464	4,429,451	8,972,000	8,972,000	7,144,789	5,304,909
Transfers Out - Transportation	\$	\$	\$	\$	\$	\$
	3,919,458	1,219,458	8,972,000	1,264,000	4,934,340	2,239,717
Transfers Out - General Government	\$	\$	\$	\$	\$	\$
	2,199,000	2,891,425	1,556,400	1,556,400	550,000	550,000
Ending Fund Balance	\$	\$	\$	\$	\$	\$
	(4,794,163)	(15,420,213)	(6,119,813)	(25,081,802)	(26,452,673)	(27,987,176)
Allocated Fund Balance - Future MOC Replacement						\$
						19,000,000
Unallocated Fund Balance						\$
						(8,987,176)

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
See Attachment B - Additional Project Information
- **Outreach Methods and Results:**  
See Attachment B - Additional Project Information
- **Feedback Summary:**  
See Attachment B - Additional Project Information

**BUDGET IMPACT:**

**Total Cost:**

Current Budget: \$58 million  
Proposed Budget: \$61.7 million  
Proposed Adjustment: +\$3.7 million

Approved in current biennial budget: ☐ Yes ☒ No ☐ N/A

**Budget Offer Number:**

CIP

**Budget Priority:**

Infrastructure, Healthy and Sustainable, Vibrant and Connected

Other budget impacts or additional costs: ☒ Yes ☐ No ☐ N/A

***If yes, explain:***

Market rates, inflation, an aggressive schedule, and an active construction market continue to drive construction costs (see Attachment B - Additional Project Information)

**Funding source(s):**

Debt proceeds	\$	16,139,840
General Fund	\$	13,352,557
Grants	\$	1,725,000
Impact Fees	\$	14,493,065
Misc. - Solar Panels + contributions from Amazon and Emerald Heights	\$	289,427
REET	\$	12,000,111
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Total Approved Budget	\$	58,000,000
Proposed Supplement (REET)	\$	3,700,000
Total Proposed Budget	\$	61,700,000

**Budget/Funding Constraints:**

The City Council approved a total project budget of \$58 million on September 6, 2022. Councilmanic Bonds were issued with City Council approval in May 2022. Construction commenced in June 2022 and costs have continued to be high due to supply chain delays, a volatile market for labor, and inflation. Based on the construction changes to date, the project cannot be completed for \$58 million.

☒ **Additional budget details attached**

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
N/A	See Attachment B: Additional Project Information	N/A

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
	None proposed at this time	N/A

**Time Constraints:**

N/A

**ANTICIPATED RESULT IF NOT APPROVED:**

If not approved, construction will be halted until an alternate budget resolution can be developed.

**ATTACHMENTS:**

Attachment A - Redmond Senior and Community Center Project Information Sheet

Attachment B - Additional Project Information

Attachment C - Budget Request Details