

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

<b>Item No.</b>	4c
<b>Date of Meeting</b>	October 28, 2014

**DATE:** October 21, 2014  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Lindsay Pulsifer, General Manager, Marine Maintenance  
Mark Lewis, Project Manager, Marine Maintenance  
**SUBJECT:** T-91 W-50 Building Abatement & Demolition

<b>Amount of This Request:</b>	\$50,000	<b>Source of Funds:</b>	General Funds of the Real Estate and Seaport Divisions
<b>Est. Total Project Cost:</b>	\$1,088,000		

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to approve the design development and permitting to abate and demolish the W-50 Building in the amount of \$50,000 with a total estimated project cost of \$1,088,000.

**SYNOPSIS**

The W-50 Building is a 19,800 square foot building located next to Terminal 91. This building shares a parking lot with Marine Maintenance's North Operations area and is located just north of the Magnolia Bridge. The building has deteriorated to the point where it can no longer be occupied, has become a safety hazard and is beyond repair. Furthermore, the building contains large amounts of asbestos and smaller quantities of lead, mercury and Polychlorinated Biphenyls (PCB's).

Staff recommends demolition of the building. Funding will come from expense dollars and is expected to be completed in the 2015 calendar year. In accordance with Port Policy AC-9a Environmental Remediation Liability (ERL), a portion of the funding, (\$151,465) will come from the ERL 2015 Budget. The remainder (\$936,535) will come out of the 2015 Maintenance Expense Budget.

**BACKGROUND**

The W-50 Building was built in 1947 and purchased by the Port in 1976. This is the last building remaining of the former naval supply warehouses at Terminal 91. The building has had no major remodels or upgrades.

Northwest Harvest vacated the building approximately six years ago. Since then, the building has remained vacant other than a small portion that was periodically leased for net repair and storage

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and for limited use by Marine Maintenance to support north-end operations.

The building's roof has been leaking for the past fourteen years. To prevent the roof from collapsing, a portion of the roof was removed in 2013.

With no tenants and no projected use for this building, investments have not been made to sustain the deteriorating structure.

In April 2013, Argus Pacific provided a Regulated Building Materials Assessment Report for the building. The report indicates the entire exterior of the building is covered with cement asbestos board (CAB) panels. Piping throughout the building is wrapped in asbestos containing insulation. Vinyl floor tiles, electrical panels and roofing materials also contain detectable amounts of asbestos. Additionally, lead, mercury and PCB's have been detected in various locations throughout the Building. Argus Pacific also produced draft abatement design drawings based on the findings of the referenced assessment.

### **PROJECT JUSTIFICATION AND DETAILS**

Building W-50, located just outside Terminal 91, is deteriorated beyond the point of economic repair, is laden with regulated materials and is an environmental and safety liability. The building cannot be brought to a level of acceptable safety without a significant expenditure of money. The building would require a new roof, new siding, electrical and plumbing to be brought up to current codes. If left as-is, with sections of the roof removed and without any upgrades or maintenance, the building will continue to deteriorate and could eventually be condemned and / or collapse.

The Port of Seattle Capital Projects Estimator estimated the cost to repair the existing building with seismic/structural issues and existing conditions at \$4,105,000 and the estimated cost to tear down the building and build a new shell building at \$3,434,000.

This project includes regulated materials abatement and demolition of the W-50 Building to the ground level. The Port of Seattle Engineering Group will develop the demolition design specifications. Port Construction Services (PCS) will issue a service directive to Argus Pacific to develop regulated materials abatement specifications and finalize the regulated materials abatement drawings drafted in 2013. The service directive will be issued under an existing IDIQ contract (P-00316909). Work will be performed by a major works construction contractor. Per Port Policy AC-9a, Port Construction Services (PCS) will manage the regulated materials abatement work. PCS will also provide a regulated materials consultant to monitor abatement work and document regulatory compliance. Monitoring services will be provided via a service directive issued under an existing IDIQ contract. Port Engineering, Construction Services will manage the Demolition Contractor, and Marine Maintenance Project Management will manage the overall project. Seaport Environmental will assist in procuring necessary local permits.

#### ***Project Objectives***

- Complete building demolition by September 2015.

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- Monitor abatement in accordance with Environmental Remediation Liability Policy AC-9a guidelines and account for all abatement costs according to GASB No. 49.

### ***Scope of Work***

Remove all regulated materials in accordance with environmental regulations and best practices. Demolish the W-50 building to the ground level. Dispose of all materials in appropriate manner. Security lighting and fencing will be installed after the Building is demolished using an existing small works contract.

### ***Schedule***

Commission Memo / Authorization	October 2014
Complete Design Development	January 2015
Commission Full-Funding Final Authorization	February 2015
Contract Advertised	April 2015
Contract Awarded	May 2015
Project Start Date	June 2015
Project Completion	August 2015

## **FINANCIAL IMPLICATIONS**

<b><i>Budget/Authorization Summary</i></b>	<b>ERL</b>	<b>Expense</b>	<b>Total Project</b>
Current request for authorization	\$0	\$50,000	\$50,000
Total Authorizations, including this request	\$0	\$0	\$0
Remaining budget to be authorized	\$151,465	\$886,535	\$1,038,000
Total Estimated Project Cost	\$151,465	\$936,535	\$1,088,000

<b><i>Project Cost Breakdown</i></b>	<b>This Request</b>	<b>Total Project</b>
Construction	\$0	\$696,000
Construction Contingency		\$136,000
Construction Management	\$17,000	\$58,000
Design	\$33,000	\$33,000
Project Management	\$0	\$56,000
Permitting	\$0	\$32,000
State & Local Taxes (estimated)	\$0	\$77,000
Total	\$50,000	\$1,088,000

### ***Budget Status and Source of Funds***

The cost of this project has been included in the 2015 Operating Budget in the amount of \$1,127,000 for spending related to the T-91 W-50 Building Abatement & Demolition project.

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As an expense for the Marine Maintenance service group that will be allocated to the Real Estate and Seaport Divisions through Divisional Allocations, the source of funds for this project will be the General Funds of the Real Estate and Seaport Divisions.

### ***Financial Analysis and Summary***

<b>CIP Category</b>	Not applicable
<b>Project Type</b>	Expense
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	<ul style="list-style-type: none"><li>• No Responsive Bidders</li><li>• Actual costs exceed current estimates</li></ul>
<b>Project cost for analysis</b>	\$1,088,000
<b>Business Unit (BU)</b>	Marine Maintenance Service Group
<b>Effect on business performance</b>	<p>This project will be recorded as an expense in Marine Maintenance and will ultimately be allocated to the Real Estate and Seaport Operating Divisions as a Divisional Allocation.</p> <p>Based on current 2015 Budget allocation percentages, this project will increase Real Estate and Seaport Division expenses by approximately \$660K and \$428K, respectively, and will reduce Net Operating Income by corresponding amounts.</p>
<b>IRR/NPV</b>	NPV is the present value of the project cost.

## **STRATEGIES AND OBJECTIVES**

Removal of Regulated Materials and Demolition of the W-50 Building reclaims usable parking lot space at the Marine Maintenance North End Office. Completion of the project will limit Port liability.

## **TRIPLE BOTTOM LINE**

### ***Environmental Responsibility***

This Project aligns with Port Policy AC-9a (Environmental Remediation Liability) by removing and properly disposing of Regulated Materials.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Do not demolish the W-50 Building. The building will continue to deteriorate and could eventually be condemned or may collapse. This is not the recommended alternative.

**Alternative 2)** – Completely renovate the property. As there is no projected use for this type of structure and the project is cost prohibitive this is not the recommended alternative.

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**Alternative 3) – Abate all regulated materials and demolish the W-50 Building. This is the recommended alternative.**

### **ATTACHMENTS TO THIS REQUEST**

- Aerial Photo of Building W-50 and North End Maintenance Office.

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- None