

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4h
Date of Meeting September 8, 2015

DATE: August 21, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Lindsay Pulsifer, Interim Managing Director, Maritime Division
Robert Hoyman, Project Manager, Marine Maintenance
SUBJECT: T91 W50 Building Demolition & Abatement (Project 105222)

Amount of This Request:	\$1,050,000	Source of	General Fund
Est. Total Project Cost:	\$1,100,000	Funds:	
Est. State and Local Taxes:	\$75,000		

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to complete design and permitting, prepare construction documents, advertise for construction, bid and award a construction contract to demolish the Terminal 91 W-50 Building. The total value of this request is \$1,050,000 for an estimated total project cost of \$1,100,000. \$50,000 was previously authorized for project design and permitting work.

SYNOPSIS

The W-50 Building is a 24,222 square foot building located on the Terminal 91 property. This building shares a parking lot with Marine Maintenance's North Operations area and is located just north of the Magnolia Bridge. The building is currently vacant and has not been in use for several years. 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 was surveyed for hazardous materials and found to contain asbestos, lead paint, mercury and Polychlorinated Biphenyls (PCB's).

Port Commission approved \$50,000 for design development and permitting to abate and demolish the W-50 Building in October 2014. Design development is complete. Environmental requests for permits have been submitted. SEPA review is complete and the Determination of Non-significance decision is currently open for comment.

Staff recommends proceeding with hazardous materials abatement followed by building demolition. Funding will come from expense dollars. Demolition and removal is expected to be

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completed in the 2016 calendar year. In accordance with Port Policy AC-9a Environmental Remediation Liability (ERL), a portion of the funding will come from the ERL Budget. The remainder of the necessary funding will come out of the Maintenance Expense Budget. Dollars were budgeted in the 2015 Calendar year.

BACKGROUND

The W-50 Building was built in 1947 for the US Navy and later 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 and is currently vacant and un-useable.

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.

In May of 2015 KPFF Engineers concluded a Master Use Plan (MUP) to serve as representation of the Port's intended use of the property and to be submitted to the City of Seattle for MUP Permitting.

Sound Earth Strategies, Inc. is working with the Port Maritime Environmental to complete permitting requirements. SEPA review is complete and the Determination of Non-significance decision is currently open for comment. Application for City of Seattle Master Use Permit has been submitted. Approval of the MUP by the City of Seattle DPD is expected by fourth quarter of 2015. Demolition is expected in 2016.

PROJECT JUSTIFICATION AND DETAILS

Building W-50 has deteriorated beyond the point of feasible repair. It's laden with regulated materials and is an environmental and safety liability. 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 existing slab-on-grade foundation will remain as a parking area for Port equipment.

Per Port Policy AC-9a, Port Construction Services (PCS) will manage the regulated materials abatement work.

Project Objectives

- Complete building demolition by May, 2016.

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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. Install an asphalt overlay to channel ground water to existing catch basins.

Schedule

- Commission Authorization September 8, 2015
- Complete Construction Contract Documents November, 2015.
- SEPA and MUP approval November, 2015.
- Demolition Permit Submittal November, 2015
- Advertise for Demolition January, 2016
- Contract Awarded February 2016
- Project Start Date April 2016
- Complete abatement and building demolition May 2016.

FINANCIAL IMPLICATIONS

Budget/Authorization Summary

	Capital	Expense	Total Project
Original Budget	\$0	\$1,088,000	\$1,088,000
Previous Authorizations	\$0	\$50,000	\$50,000
Current request for authorization	\$0	\$1,050,000	\$1,050,000
Total Authorizations, including this request	\$0	\$1,100,000	\$1,100,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$0	\$1,100,000	\$1,100,000

Project Cost Breakdown

	This Request	Total Project
Construction	\$660,000	\$660,000
Construction Management	\$200,000	\$200,000
Design	\$50,000	\$65,000
Project Management	\$50,000	\$65,000
Permitting	\$28,000	\$45,000
State & Local Taxes (estimated)	\$62,000	\$65,000
Total	\$1,050,000	\$1,100,000

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Budget Status and Source of Funds

The remaining cost of T91 W50 Building Demolition and Abatement project will be included in the 2016 Operating Budget in the amount of \$950,000. Costs incurred through the end of 2015 are forecasted to be at \$150,000.

It is estimated that approximately \$202,000 of the project costs will be operating environmental remediation liability work

As an expense for the Marine Maintenance service group, the cost of the project will be allocated to the Maritime and Economic Development Divisions through Divisional Allocations. The source of funds for this project will be the General Funds of the Maritime and Economic Development Divisions.

Financial Analysis and Summary

CIP Category	Not Applicable
Project Type	Expense
Risk adjusted discount rate	N/A
Key risk factors	Key risk factors include cost overruns due to project constraints or expansion of project scope due to higher than anticipated asbestos and soil contamination.
Project cost for analysis	\$1,100,000
Business Unit (BU)	Marine Maintenance Service Group
Effect on business performance	This project will be recorded as an expense in Marine Maintenance and will ultimately be allocated to the Maritime and Economic Development Divisions as a Divisional Allocation. 2016 allocation percentages are currently being formulated. However, the largest share of this project will be allocated to the Maritime Division.
IRR/NPV	NPV is the present value of the project cost.

STRATEGIES AND OBJECTIVES

Removal of Regulated Materials and Demolition of the W-50 Building reclaims useable parking lot and storage space at the Marine Maintenance North Operations. Completion of the project will limit Port Liability.

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TRIPLE BOTTOM LINE

Economic Development

Demolishing the W-50 building rather than refurbishing the existing structure is the most cost effective solution. Increase in usable ground space will offer opportunity for locating of additional crewmembers to site, reducing travel time from the south-harbor shop location.

Environmental Responsibility

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

Community Benefits

The building is in jeopardy of structural collapse which may cause risk to surrounding properties and exposure to hazardous 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 and / or may collapse. This is not the recommended alternative.

Alternative 2) – Completely renovate the building. The project estimate is \$4,310,000 and is cost prohibitive. This is not the recommended alternative.

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

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- **October 28, 2014** - 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.