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COMMISSION

AGENDA MEMORANDUM Item No. 8c

ACTION ITEM Date of Meeting March 28, 2023

DATE: March 9, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Kelly Purnell, Capital Project Manager

Jessica Carlson, Senior Real Estate Manager

Melinda Miller, Director, Real Estate Asset Management

SUBJECT: Fishermen's Terminal Bank Building (C-12) Demolition

Amount of this request: \$440,000

Total estimated project cost: \$496,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to advertise and execute a major works construction contract to demolish the Fishermen's Terminal Bank Building (C-12). This request is for \$440,000 of a total project cost of \$496,000.

EXECUTIVE SUMMARY

The project will demolish the existing Fishermen's Terminal Bank Building (Building C-12) which is vacant and is unleaseable due to the poor condition of the structure. The work will include abatement of regulated materials, small amounts of material salvage such as the bank vault door, demolition of the structure to existing slab, and removal of existing landscaping including curb and gutter on the site. Capping of the utilities (water, sewer, electric) will be required. A handhole will be installed for the electricity to provide for access for temporary power connection for a construction job shack in future. Crushed rock will be placed in existing landscape area. No paving or addition of any new impervious surface will be included in the work.

JUSTIFICATION

The Fishermen's Terminal Bank Building has been slated for demolition since 2017 and was vacant for several years before that. The building is currently in disrepair. Much of the interior has been stripped out and has undergone partial regulated materials abatement of the interior. Additionally, the building has suffered from repeated break-ins.

Originally, the property was to be redeveloped as part of the Gateway Building and the overall Fishermen's Terminal Long-term Strategic Plan. While that is still the anticipated future use of

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the site, the immediate need for the site is for uses as a construction laydown site for the upcoming redevelopment of the Seattle Ship Supply Building into the Maritime Innovation Center (MInC) in early 2024. The Bank Building site is within acceptable proximity to the MInC, has viable utility hookups that can be utilized for temporary construction job shacks, and ample space for materials storage during the MInC construction. The site would then be protected until such time as the Gateway Building restarted, or another use of the property is determined.

Diversity in Contracting

This project is ideal for smaller WMBE construction firms to be the prime contractor. Therefore, the project has a high WMBE aspirational goal of 15% to encourage participation of smaller firms that may not often have an opportunity to be the General Contractor on larger projects.

DETAILS

The project will demolish the existing Bank Building (C-12) at Fishermen's Terminal and prepare the property as a temporary construction laydown site.

Scope of Work

Work will include the demolition of the existing structure to the slab, abatement of regulated materials, minimal salvage of materials such as the bank vault door, removal of landscaping, capping of existing utilities, and preparation of the site for construction laydown.

Schedule

Commission design authorization N/A – originally authorized under U00412. Project expensed after Gateway Building was Deferred.

Design completion Q1 2023

Commission construction authorization Q1 2023

Construction start Q3 2023

In-use date Q4 2023

Cost Breakdown This Request Total Project

Design \$0 \$50,000

Construction \$446,000 \$0

Total \$446,000 \$496,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Defer demolition.

Cost Implications: Depending upon how long the demolition is deferred the cost could increase significantly based on estimated average 6% construction escalation per year.

Pros:

None

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Cons:

(1) Project would ultimately be more expensive due to escalation.

(2) A new demolition permit will need to be obtained as the current permit will not be able to be extended again.

(3) Leaves a structure in place that is in poor condition and not useable.

(4) Would require identifying another construction laydown site for the construction of the MInC and there are few reasonable alternatives.

This is not the recommended alternative.

Alternative 2 – Proceed with Bank Building demolition.

Cost Implications: \$446,000 expense funds

Pros:

(1) Provides a construction laydown site for the construction of the MInC.

(2) Removes a structure in disrepair and eliminates potential security issues with break ins and theft

(3) Utilizes existing demolition permit.

Cons:

(1) Requires expense funds to be utilized.

(2) May have minor impacts to the Fishermen's Terminal operations.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$0 \$580,000 \$580,000

Current change 0 \$(84,000) \$(84,000)

Revised estimate 0 \$496,000 \$496,000

AUTHORIZATION

Previous authorizations 0 \$50,000 \$50,000

Current request for authorization 0 \$446,000 \$446,000

Total authorizations, including this request 0 \$496,000 \$496,000

Remaining amount to be authorized \$0 \$0 \$0

Annual Budget Status and Source of Funds

This project has been included in the 2023 approved budget in Maritime Non-Operations at an estimated total project cost of \$580,000.

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Financial Analysis and Summary

Project cost for analysis \$496,000

Business Unit (BU) Maritime Portfolio Management

Effect on business performance Non-Ops expense. The building currently generates no (NOI after depreciation) revenue, and no revenue is expected from the additional yard space.

IRR/NPV (if relevant) No incremental revenue. The NPV is the present value of the project cost.

CPE Impact N/A

Future Revenues and Expenses (Total cost of ownership)

The building currently generates no revenue, and no revenue is expected from the additional yard space.

ADDITIONAL BACKGROUND

This project was originally authorized under the C800525 FT Gateway Building project that was canceled and expensed in 2022. The design for the demolition of the FT Bank Building (C-12) had been developed to 90% under that project number. Construction Authorization for the demolition of FT Bank Building (C-12) along with the demolition of Net Sheds 7 and 8 was obtained on September 26, 2017 (Agenda item no. 6b). However, the project was not completed prior to the Gateway Building project cancelation.

New project number U00703 was created for the specific purpose of the FT Bank Building (C-12) Demolition. \$50,000 in seed money was approved in Q3 2022 by the project sponsor and is being used to have the engineer of record update and finalize the existing demolition design and specifications and prepare the bid set.

ATTACHMENTS TO THIS REQUEST

(1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

September 26, 2017 – The Commission authorized construction for the demolition of FT Bank Building (C-12) and Net Sheds 7 and 8.

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