

**Juneau Subport Abatement Phase 2 - Mental Health Trust Settlement**      **FY2008 Request: \$725,000**  
**Reference No: AMD 42079**

**AP/AL:** Appropriation      **Project Type:** Renewal and Replacement

**Category:** Health/Human Services

**Location:** Juneau (Juneau/Downtown/Douglas)      **Contact:** Nico Bus

**House District:** Juneau/Downtown/Douglas (HD 3)      **Contact Phone:** (907)465-2406

**Estimated Project Dates:** 07/01/2007 - 06/30/2008

**Brief Summary and Statement of Need:**

Additional hazardous materials abatement and demolition of the Juneau Subport Building and Land require funding beyond that identified in the FY07 CIP request. We have subsequently learned that the required asbestos abatement will leave the building in a condition that necessitates demolition. Furthermore, in January 2006 two large fuel spills occurred within the Subport building following completion of the original Environmental Survey, which need to be abated.

<b>Funding:</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>Total</b>
Gen Fund	\$725,000						\$725,000
<b>Total:</b>	<b>\$725,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$725,000</b>

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input checked="" type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
<u>One-Time Startup:</u>	<u>0</u>	<u>0</u>
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Additional Information / Prior Funding History:**

\$625.3 - SLA06/CH82/Sec7

**Project Description/Justification:**

The environmental survey completed by Carson Dorn, Inc. for the Department of Administration, "Environmental Survey for Subport, Armory, & Subport Surface Parking November 2005", identified the need for significant asbestos abatement. The report states on page 17 "If the building were to remain in service, a considerable rebuild would be in order after the abatement project, including a new roof, new siding on about half of the building, complete interior renovation where" interior walls and flooring "have been removed, and new heating system." It is clear from this description that the remaining building shell would be unusable without a substantial investment to replace the elements removed in the abatement project. Demolition of the remaining building in conjunction with asbestos abatement is the most cost effective and logical course of action.

Furthermore, in January 2006 two fuel oil spills occurred in one of the boiler rooms. A significant amount of oil was spilled; however, cleanup efforts recovered only a small fraction. Although there is a concrete structure in place to contain fuel oil spills, the floor of the structure is cracked. It appears the majority of the fuel oil migrated through cracks in the concrete floor to the ground and has spread over a large area. Remediation will require removal and disposal of the concrete flooring and contaminated soil. It is likely that once the area is opened, evidence of past fuel spills and other hazardous materials will be discovered.

Based upon 1) the fact that the asbestos abatement will cause the remaining building structure to be un-useable without significant reconstruction and cost (and the reconstruction costs would be far greater than the remediation and demolition funds requested in the combined FY07 appropriation and current CIP request ); and 2) the likelihood that in the

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remediation of the most recent fuel oil spills other contamination will be discovered, the Mental Health Trust determined that demolition of the building and full clean up of the site is the most cost effective approach warranted.

**Why is this Project Needed Now:** The State of Alaska leased the building from the Trust from 1994 until June 2006 when the lease expired. The State chose not to renew the lease. As part of the lease conditions, the Department of Administration contracted Carson Dorn Inc. to perform an environmental hazards analysis. The final report was received in November 2005. The report identified the need for significant asbestos abatement. Upon learning the State's intent not to continue occupancy of the building, the Trust Land Office (LTO) contracted MRV Architects in 2005 to identify opportunities and barriers for use of the building. The MRV analysis identified and described significant building code and cost barriers to alternate reuse of the building. The TLO thus determined that the optimum course of action, after termination of the State lease, was to begin asbestos abatement and demolition as recommended in the Carson Dorn report. It would be unwise to allow a highly visible building on Juneau's waterfront to remain vacant and derelict. Furthermore, if 3<sup>rd</sup> parties claim that the hazardous substances have negatively affected their interests then, under the Mental Health Settlement, the State must defend and insure the Trust from these liabilities. Finally, and of greatest significance to the Trust, maintenance and management of the land and building would be costly and delay of abatement and demolition will increase the overall project costs, while impeding the Trust's ability to redevelop the property, which in turn delays the Trust's ability to generate revenue from the asset. Once abatement and demolition are complete the Trust intends to begin redevelopment of the site in conjunction with the City and Borough of Juneau's long range plan.

**Specific Spending Detail:**

Services: \$725.0

Contract expenses to demolish and properly dispose of hazardous material from the Subport Building and land. *(The cost is the maximum required and is associated with worst case scenarios. For example; if during the demolition it is determined that the roofing material contains a type of environmental hazard that will not be accepted by the Juneau waste facilities, and must be shipped to Seattle, those costs are covered in this estimate. Significant effort will be made to minimize costs and any remaining funds will revert to the State general fund).*

**Project Support:**

Department of Transportation and Public Facilities