

## **Memorandum 10-95 Old Water Treatment Plant Demolition/Rehabilitation**

**Memorandum ID:** 10-095

**Memorandum Status:** Information Only

MEMORANDUM 10-95

TO: Walt Wrede, City Manager

FROM: Carey Meyer, Public Works Director

DATE: June 23, 2010

RE: Old Water Treatment Plant – Demolition/Rehabilitation

---

Public Works has been working to evaluate the damage at the old water treatment plant due to the roof collapse. Coordination with the insurance companies is ongoing; the City's insurance claim is in process. Public Works coordinated the preparation of two quotes from local building contractors to determine replacement costs. The quotes (\$325,558 and \$311,395) were provided to the insurance companies. In a nutshell, once the structural engineer report is in, we expect to obtain approval for a first payment. The first payment is expected in 4-6 weeks.

The insurance companies have accepted the lower of the two quotes. The city will get a check, up front, for the actual cash value (ACV), minus the \$100,000 deductible. The ACV (replacement minus depreciation) is estimated at this time to be approximately \$249,116. The city will receive a check for \$149,116 up front. Once the city completes the repairs equal to the accepted quoted amount, the City will then be reimbursed for the difference between the bid amount and the ACV for an additional payment of \$62,279. Total compensation is estimated to be \$311,395.

The City Council should consider our options:

- 1) Demolish the entire plant – This would cost approximately \$150,000. The shop portion of the building would remain. Option 1 can be completed using insurance payments.
- 2) Replace in-kind the damaged portion at the estimated cost of \$311,395 and return structure to its original function. Option 2 will require expending the insurance payment plus covering the \$100,000 deductible.
- 3) Replace in-kind to provide for a satellite fire station (two new bays for fire vehicle storage and office space in the surviving portion). Total Cost = \$420,000. Option 3 would require expending insurance payment, plus covering the \$100,000 deductible, plus funding the \$105,000 treatment equipment demolition cost.
- 4) Demolish the entire plant and construct a fabric Bubble dome to create satellite fire station equipment storage. Total Cost = \$310,000. Option 4 could be completed expending only the expected insurance payment.

**Source URL (retrieved on 2015-03-06 11:50):**

<http://www.cityofhomer-ak.gov/memorandum/memorandum-10-95-old-water-treatment-plant-demolitionrehabilitatio>  
[n](#)