



# City of Homer

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Administration

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## Memorandum 22-132

TO: Rob Dumouchel, City Manager  
FROM: Julie Engebretsen, Economic Development Manager  
DATE: July 29, 2022  
SUBJECT: **Demolishing the Smaller HERC Building (HERC 2)**

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- I. **Purpose:** The purpose of this memorandum is to lay out a strategy for demolishing the smaller HERC building (HERC 2).
- II. **Recent Developments:** City staff has researched both state and federal Brownfields funding, and found that the process of an application and the timing of potential grant award makes using these programs a poor fit for our needs and timelines. These programs will only pay for hazardous material abatement; they will not pay for demolition costs. The hazmat abatement for the smaller building is estimated (2020 dollars) to be approximately \$54,000. Staff thinks the time required to apply for this funding as well as the delay in availability of the funds (if awarded) makes this option staff time intensive with relatively low return.

Earlier this spring, the City requested funding for planning, site cleanup and removal of HERC II through Senator Murkowski as a FY23 Congressionally Directed Spending (CDS) Request to the Interior Committee. The City received notice on 7/29/2022 that we were not selected for funding.

Beyond Brownfield funding, the City is able to leverage financial support for this project. Administration is requesting a waiver of all solid waste fees from the Kenai Peninsula Borough. Staff will continue to investigate potential funding sources.

### III. **History:**

- A. **The Haz Mat Study.** Over the years, there have been multiple studies of the HERC buildings regarding whether they could be cost effectively renovated, or barring that, demolished. The most recent effort was in 2019-2020. The City Council passed Ordinance 19-38(A)(S) authorizing \$35,000 for the completion of a HERC Demolition Study. The study was performed by Environmental Management, Inc. (EMI), which performed the following tasks:

1. Completed a hazardous material survey by taking samples of the various hazardous materials in the buildings, namely asbestos and lead based paint,
2. Developed a cost estimate for hazardous material removal/disposal, and
3. Developed a cost estimate for demolishing the buildings.

**B. Cost Summary.** The study noted that the costs could be decreased depending on whether some usable materials could be salvaged and sold, such as the concrete, gluelam beams, gymnasium floor and other reusable materials. The costs to abate the haz mat and demolish both buildings were estimated to be \$667,843. (Stantech’s report (spring 2022) arrived at a cost estimate of \$750,000.)

Of this figure, about 26% (\$176,377) is related to the hazardous materials, which can be broken down as follows:

HERC 1 (big building)	71%	\$125,573
HERC 2 (little building)	29%	\$ 53,807

#### IV. Updated Strategy:

**A. Phase I – Relocate City operations.** Currently, both Building Maintenance and Parks are operating out of HERC 1. Building Maintenance vacated HERC 2 upon the finding in June that significant cracks extend through structural walls, causing concern over potential building failure during an earthquake event.

1. **Building Maintenance.** The long term plan is for Building Maintenance to move into the old Mechanic’s Shop on the existing Public Works campus when the new Mechanic’s Shop is built. In the meantime, the City needs interim space (5-10 years) to adequately support operations. The City is actively seeking rental space as a solution. Suggestions are welcome, particularly for locations and lessors that can offer a longer term lease (beyond a 1-2 year timeframe).

2. **Possible defrayed expenses.**

Demolishing the HERC 2 -building allows us to defray approximately \$20,000 in expenses that are currently being charged to the Public Works Department to insure, heat, light and provide other utilities to the building.

**B. Phase II – Abate Haz Mat. Estimated cost = \$54,000.** The estimated cost to abate the haz mat in this building, using a 3<sup>rd</sup> party contractor, is \$54,000 in 2020 dollars. Doing this work would make the building ready for demolition.

**C. Phase III – Demolish HERC 2. Estimated cost = \$78,094.** Once the haz mat was removed from HERC 2, the demolition is fairly straight forward. We propose to use the work Force Account; that is, by hiring temporary employees, experienced with heavy civil construction and/or building demolition and do the work as an in-house City project. The estimated cost of Phase III is \$78,094 in 2020 dollars. The steps would be as follows:

1. Procure Demolition Insurance.
2. Rent equipment from local contractors to supplement our in-house equipment
3. Assemble a crew of temporary employees and appoint a supervisor

4. Work with crew to develop a Demolition Plan, including a safety plan, disposal plan, utility plan, schedule and other planning documents required for proper project management and to comply with regulatory requirements
5. Identify disposal sites for the various materials that will be generated by the demolition
6. Work the Demolition Plan.
7. Once the building was demolished, restore the site to a safe and preferably, usable condition.

**D. Budget –**

<b>Hazardous Material Abatement</b>	<b>\$54,000</b>
<b>City demolition team</b>	<b>\$78,094</b>
<b><u>Contingency 15%</u></b>	<b><u>\$20,000</u></b>
<b>Total</b>	<b>\$152,084</b>

**V. Unknown Factors**

The cost estimates and time frames provided in this memo are the best estimate staff can provide based on the information available. For most City projects and budget ordinances, a complete project budget is scoped thoroughly and Council has reasonable certainty on what the costs will be. Demolishing a building is not something the City has experience in. Part of the cost containment plan is to locally crush the concrete, for use in road or trail building projects. If that does not work out, the demolition waste can be trucked to the Homer and Central Peninsula Landfills (least preferred option) but the cost is unknown. The cost of trucking a year from now is not very quantifiable (fuel costs, etc). A contingency factor of 15% has been added to the project budget.

In the worst case scenario, such as if the City has to truck the debris to the Central Peninsula, more funding will be needed. Demolition of the building appears to be inevitable at this point. Delaying this project in hopes of received outside funding, or more refined budget estimates is likely to simply result in higher future costs. Staff will keep Council apprised of project costs and alternatives we take this major step in revitalizing this prominent city property.