

MEMORANDUM

TO: STEVE GIESBRECHT, BOROUGH MANAGER

FROM: KARL HAGERMAN, PUBLIC WORKS DIRECTOR 

SUBJECT: PMPL HEADQUARTERS BUILDING REMODEL PROJECT

DATE: 7/13/2017

As requested, I have looked into the questions of moving forward with the power and light headquarters building remodel project and have the following to offer.

It is well known that the age and condition of this building are issues that have been a concern of the power and light department for many years. It is also known that the department had put off any major building improvements due to tentative plans to move the entire power plant and headquarters to Scow Bay in the past, but that this plan had not been supported by past Council's and Assembly's due to the high costs of such a move.

The current remodel project accepts the direction of the Assembly in regard to the move of the headquarters to Scow Bay but seeks to improve working conditions for PMPL office staff and address various building safety and ADA issues in this public building. Another extremely important aspect of the project is to somewhat remedy the blind corner at the Haugen/Nordic Drive intersection and improve safety for the entire community at the busiest intersection in Petersburg.

Recently, a question of forgoing the remodel in favor of an analysis of the benefits of a move of the PMPL headquarters to the Public Works building has come up at the Assembly level and has slowed the decision-making process on the remodel project bid award. The low bidder has agreed to honor their bid until the July 17th Assembly meeting to allow time for a decision to be made by the Assembly.

The analysis of whether to move forward with project award and remodel of the PMPL building or seek a different project to move the PMPL office staff to Public Works and remodel that building to serve both departments is a large undertaking and there is not sufficient time to complete it thoroughly before a decision must be made on the project award. However, I have some information to offer and a recommendation based on my review of the situation.

In my opinion, it only makes sense to cancel the remodel project if a case can be made for an overall lesser cost or a gain in efficiency to the Borough.

- If a move is made to PW and the PMPL building can be razed, there is a potential cost savings in annual facility costs with one less building – however this is offset by the cost to demolish the structure so I see little net gain for the Borough here. Additionally, discoveries of hazardous materials during a demolition can quickly escalate costs for the Borough. Although some asbestos testing has occurred in the building in the past, I don't believe that a comprehensive assessment has been made. This represents a risk to cost control.
- The question of moving PMPL office staff to PW appears to be a reasonable option due to the nature of their work being network based and not dependent upon the need to physically be at the power plant. However, I believe the Electrician and Power Plant Mechanic should be located at the plant for various operational and maintenance reasons. If the headquarters building were to go away, these two employees would lose valuable work space, storage space and if required to work in another location would be very inefficient for operations at the power plant or support of departmental operations in the field. To maintain departmental efficiency, these employees should remain at the power plant and either retain the existing space they have now or demo the current building and construct an adequate shop, generator parts/meter inventory space and meter testing and programming space. If we retain the existing building space as the most cost effective

option to serve the needs of these two employees, a remodel becomes relevant and moving the office staff away from a remodeled building makes less sense.

- The Line Crew would also be displaced if the PMPL building was demolished. They currently have office space, personal protective equipment storage and a break room in the headquarters building. If the crew's space were to be moved to PW, there is room to configure/construct spaces for these employee needs but there is a cost to do so. Moving walls at PW's office out into the parking garage space would be the logical solution to add space but this would obviously displace covered parking for vehicles. There can be covered parking added to the existing parking shed at PW but again – this is another additional cost.
- Uncovered parking for staff and public at PW is also a discussion point. It is an issue that can be overcome due to the overall space available at PW and the prospect of filling in a ravine that currently bisects the eastern portion of the property. Adding sections of large culvert to maintain the natural drainage and filling the ravine would add a tremendous amount of usable space at the facility - but at a large additional cost.
- Provisions for relocation of the Borough fiber hub would also need to be part of a project if the PMPL headquarters were demolished. The hub currently resides in this building. This issue has been on the radar for many years, and I've recently heard from AP&T employees that the Library may be a good fit for the relocated hub, but the costs to perform this work have not been estimated to my knowledge.
- The upstairs of the PW building will be vacant after Community Development moves to the Municipal Building this summer. The office space in the PW building is generally failing over time – much like other public buildings such as the pre-project police department. Bringing PMPL into the PW building would require remodeling as mentioned above and the costs would likely be high. The current PW offices were retrofit into a parking garage without any concept of future networking needs of the operation. Walls are sagging, floors are not level and the foundation is cracking in places. To set up this building correctly for the added personnel and use, that a PMPL move would bring, would likely require a large amount of internal demolition and reconstruction, which quickly becomes a significant investment.

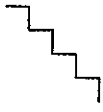
In conclusion, my opinion is that while the potential to move PMPL to PW was worth a look, the overall, long-term costs to improve the PW building and surrounding grounds and parking structures to meet the combined needs of both departments, in addition to reworking the PMPL building site to serve the Electrician and Power Plant Mechanic, will likely outpace the costs for the currently proposed PMPL remodel by a large margin. In addition to the higher capital costs, efficiency of PMPL will be lessened by such a move. In light of a higher final cost and lowered efficiency for PMPL, my recommendation would be to move forward with award of the remodel project. The highlights of the project are presented in the letter from Architect Linda Millard, attached to this memo.

Some additional points to consider in this project award decision include:

- The low bid received is from a local contractor with a good reputation.
- The low bid is slightly above the architect's estimate but significantly below the other bids received for the work.
- The Electric Fund has adequate reserves to fund the project without incurring debt or requiring a rate adjustment.
- PMPL will be developing a long-term Capital Improvement Plan to fully identify and schedule priority projects for the future. Although there are significant project needs within the department, the department is capable of funding the remodel project without jeopardizing any future infrastructure projects when annual revenues and the existing reserve balance are taken into consideration.

Therefore, it is my recommendation that the Borough Assembly approve award of the PMPL Headquarters Building Remodel project to Rainforest Contracting for an amount not to exceed \$538,600.00. I'll be happy to answer any questions that you or the Assembly may have on this information and recommendation.

**MILLARD +
ASSOCIATES
ARCHITECTS LLC**



July 6, 2017

Stephen Giesbrecht, Borough Manager
Petersburg Borough
PO Box 329
Petersburg, Alaska 99833

Re: Petersburg Municipal Power & Light Headquarters Building Remodel Project

Dear Stephen:

As discussed, the PMP&L Headquarters Building Remodel project addresses building code and accessibility requirements for the existing two-story 5,528 sf building, and modifies the corner of the building at Nordic & Haugen Drive to provide greater visibility and safety for pedestrians and vehicles at this dangerous intersection. The end result will be an attractive, functional, and energy efficient facility that will serve the staff and community for many more years. The design approach and scope of work addresses following issues:

- Building code compliance upgrades for fire and life safety are addressed with egress improvements including new exit doors, stairs and railings; fire rated assemblies and separations; and emergency and exit lighting. The project was designed under the 2009 International Building and has received a plan review certificate from the State Fire Marshal's Office.
- Energy efficiency is greatly improved with a remote insulation system, additional batt insulation at walls and attic, and new energy efficient windows to replace the original wood units.
- Accessibility per Americans with Disabilities Act (ADA) requirements are met with a new accessible entry at the lower level that includes a new reception area that allows community members who cannot climb stairs to meet with PMP&L staff; new ADA compliant stairs and railings; new ADA compliant restrooms; new ADA compliant door hardware at all public locations; new floor finishes; and interior signage. While no elevator is a part of the project at this time, an area is defined for the installation of a lift in the future should this be needed.
- Safety of pedestrians and vehicles is improved at the dangerous blind corner at Nordic and Haugen Drive with a modification to the building. The project removes a portion of the lower floor at Nordic & Haugen Drive to allow a clear view of on-coming traffic with a new angled wall at the entry and a cantilevered floor above to provide greater visibility.
- The existing siding is to be replaced with a new rainscreen wood siding system in keeping with the historic character of the building while detailed to be low maintenance and long lasting.
- At the interior, the upper level reception area and adjacent work spaces have been reconfigured to improve building circulation and functionality, with new finishes in some areas where needed.

Sincerely,



Linda Millard, Principal