

CHAPTER 76-1 PRIORITIZATION AND FUNDING OF DEMOLITION ACTIVITIES

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76-1.1 INTRODUCTION

A. Purpose

This chapter provides guidance on the IHS process for funding demolition of Federally-owned buildings and structures.

B. Background

A number of reports, including *Stewardship of Federal Facilities, A Proactive Strategy for Managing the Nation's Public Assets, National Research Council, 1998*, have recommended that Federal facilities not needed to support the agency mission be removed from the inventory. The premise is that removal will save resources that could be used elsewhere and to reduce risk to the agency from poorly maintained or abandoned structures.

C. Overview

Because of the interrelation between demolition of older structures and possible environmental remediation needed before demolition, the Environmental Steering Committee (ESC) will manage distribution of all funds, except those appropriated for construction of new facilities, identified in the IHS budget to be used specifically for demolition. The ESC will use the process and procedures described in this chapter to allocate funding. The procedures in this chapter utilize a scoring process that considers the relative importance and acuteness of various priority-ranking factors. The results determine the priority or order for funding of demolition projects with available funds.

Funding allocated through this process is available only for demolition at IHS-owned facilities.

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76-1.2 FUNDING

The ESC will review and prioritize requests for \$25,000 or more to fund the demolition of Federal buildings and structures that are not required to support mission and are deemed to be excess to the IHS, including the demolition portion of Repair by Replacement projects. Where logical, demolitions may be grouped so total cost is above the threshold. Projects with a cost less \$25,000 shall be prioritized, funded, and managed at the Area Office level.

Funding for demolition and removal of existing structures associated with new construction projects on the National Healthcare Facilities Construction Priority List shall be included in the new construction project budgets. The ESC will not consider requests to fund demolition associated with these projects.

Costs associated with demolition contract preparation, historical review, NEPA requirements, etc. may be included in the demolition project funding request. Environmental remediation and testing costs will not be paid using funds allocated for demolition. See Technical handbook Chapter 75-5 "*Prioritization and Funding of Environmental Remediation Activities.*"

All upfront costs (surveys, assessments, document development costs, etc.) shall be paid by the Area Office and may be reimbursed if included in the Project Summary Document (PSD) or (if costs exceed \$1,000,000) Program Justification Document (PJD) requesting funding. Eligible costs will be reimbursed if the project is funded.

When a project is selected, the Area Office makes a commitment to provide timely progress toward completion of the demolition portion of the scope of work for a project within the total identified funding. The cost estimate should include a line item for contingency, which should be no more than 15 percent of the total demolition costs.

If demolition costs exceed the demolition project estimate by more than \$5,000, the Area Office may submit an amended request to the ESC for review. The ESC may, at its discretion, fund the additional requirements. The ESC will not consider requests for additional funding of less than \$5,000.

Unexpended funds, greater than \$5000, are NOT retained by the Area Office. If the actual cost of demolition is more than \$5,000 under the estimate, and the ESC will initiate a request that IHS Finance recall of all funds not required for project completion, e.g., if the ESC awarded \$125,000 for demolition activities and the Area Office completed all required work for \$97,000, then the ESC would initiate a request for return of the remaining \$28,000.

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If no progress has been made within two years after the funds have been Advised to the Area Office, the ESC will make a determination whether to pull back the funding.

Funds administered by the ESC are NOT available to demolish recently procured buildings.

76-1.3 DOCUMENTATION FOR FUNDING REQUESTS

A complete, signed PSD or PJD should be submitted to the ESC and will be considered a request for funding of demolition projects. The PSD or PJD must include the following in the Appendices: approved Real Property disposal documents for each building to be demolished, detailed cost estimates, findings of studies, and all other supporting documentation. For guidance in preparing a PSD see Technical Handbook Chapter 13-1. For guidance for preparing a PJD see Technical Handbook Chapter 13-2. The PSD or PJD should not include volumes of test and lab results, copies of envelopes, etc.

Note: Cost estimates must clearly state how much of each type of funding is being used or requested.

76-1.4 PROCESS

Members of the ESC will numerically score eligible proposals using evaluation factors in Exhibit I, "Priority Ratings for IHS Environmental Assessment Process." If funds are available, the highest-ranking proposals within the funds available will be funded.

A. Submission and Evaluation Timetable

A PSD or a PJD may be submitted at any time; and if there is sufficient time for review, scoring, and ranking, they will be considered at the next ESC meeting following submission. Area Offices will be notified of upcoming ESC meetings so they have sufficient lead time to prepare and submit PSD's/PJD's to be considered at the upcoming meeting.

B. Proposals

Documentation is as indicated above and should be e-mailed to the Recording Secretary of the ESC. For the Recording Secretary's contact information, consult the Environmental Steering Committee membership list at <http://www.dfo.ihs.gov/index.cfm?page=comworkenv>.

C. Evaluation Procedures

Prior to the evaluation meeting, members will first determine if the submission is complete and comprehensive and that a suitable commitment has been made to begin work within six months. Submissions that do not meet these criteria will not be reviewed further or ranked.

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The evaluation factors described in Exhibit I, "Priority Ratings for IHS Environmental Assessment Process," are the same as are used to assess environmental remediation actions. These factors are:

- Risk to Human Health or the Environment
- Investment Strategy
- Regulatory Risk
- Mission
- Public Perception

For submissions ready to be ranked, the members will designate a numerical score for each of the evaluation factors. If a factor is not applicable, it will receive a score of zero. For each submission, the scores from each of the factors are summed to derive the rater's cumulative project score.

All submissions are then ranked according to the average of all raters' scores. Allowing for Committee discretion, funding will be from the highest ranking downward, until the appropriate funding level is reached.

Funding will be on a first come, first served basis. If more proposals are submitted than funds are available, the ESC will use professional judgment based on the information provided in the submitted documentation and other sources, to determine funding priorities based on risk levels, etc.

If there are insufficient funds remaining to fund a project in its entirety, lower ranking proposals with smaller funding requirements may be funded. However, the ESC reserves the right to hold any unobligated funds for distribution at a future time. The ESC may elect to release only a portion of the total funds needed for a project, and will generally be the amount of funds that will be required before the next funding cycle.

Unfunded proposals may be resubmitted by the Area Office for consideration during future funding cycles.

At their discretion, the ESC may fund a project with a higher priority, partially fund with potential future funding, partially fund with no further funding, etc.

D. Responsibilities

The ESC will request Advice of Allowance to the Area Office as soon as practical after the evaluation and approval of a demolition project. The Area Office will provide the ESC with a status update of each demolition project upon request. As soon as practical after

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project completion the Area Office will provide a final report to the ESC.

Final reports are required for all projects funded through the ESC beginning in July 2006. Further demolition funding will not be awarded to an Area Office until required final reports have been received for completed demolition work. See Technical Handbook Chapter 75-7 Reporting Requirements for Environmental Remediation Projects and Demolition Projects."

Exhibit I Priority Ratings for IHS Environmental Assessment Process

Priority Range Description

Risk to Human Health or the Environment

- 15 - 20 Potential significant human health and/or ecological risk exist, or additional study is required to determine risk. Factors to consider include: number of persons exposed, length of exposure, carcinogen versus non-carcinogen, endangered species, fishery impacts, etc. A potential significant risk generally involves: 1) a documented release or condition that is likely to result in a release; and, 2) a high risk of exposure via groundwater, surface water, air or soil. An example would be a shallow drinking water aquifer or sensitive environmental habitat located in direct vicinity of a leaking tank.
- 10 - 15 Potential human health and/or ecological risk exist and is medium. A medium risk generally involves: 1) a documented release or condition that may result in a release; and, 2) a potential route of exposure via groundwater, surface water air, or soil. An example would be a nearby drinking water aquifer or sensitive environmental habitat that is not in direct contact with a leaking tank, but could be impacted if the leak is not remediated.
- 5 - 10 Potential human health and/or ecological risk exists and is low. A low risk generally involves: 1) a documented release or condition that could result in a release; and, 2) a low risk of exposure via groundwater, surface water air, or soil. An example would be the absence of any drinking water aquifers or sensitive environmental habitat in the vicinity of a leaking tank.

Investment Strategy

- 10 - 15 Potential return on investment is high by either eliminating economic losses or enhancing economic gains resulting from implementation of corrective actions. Examples include: 1. Findings with a high potential for future liability if actions are delayed. An example would be potential contamination of a sole source aquifer. 2. Actions with monetary payback in three years or less. 3. Significant pollution prevention actions; example- eliminating use of a high hazard substance, such as PCBs transformers.
- 5 - 10 Potential return on investment is moderate by either eliminating economic losses or enhancing economic gains resulting from implementation of corrective actions. Examples include: 1. Findings with a moderate potential for future liability if actions are delayed. An example is soil contamination by petroleum hydrocarbons where ground and/or surface water could be impacted in the future. 2. Actions with monetary payback between three and five years. 3. Moderate pollution prevention actions; example- substituting a hazardous substance with an environmentally safe substance, such as replacing solvent cleaners with citrus-based cleaners.
- 1 - 5 Potential return on investment is low by either eliminating economic losses or enhancing economic gains resulting from implementation of corrective actions. Examples include: 1. Findings with a low potential for future liability if actions are delayed. An example would be small amounts of lead paint contamination in soils where no children are exposed. 2. Actions with monetary payback greater than five years. 3. Minimal pollution prevention actions; example- reducing use of moderately hazardous substances, such as oil-based paints.

Regulatory Risk

- 8 - 10 Funding is critical to achieve compliance schedules and/or consent agreements mandated by applicable environmental laws and regulations.
- 5 - 8 Funds are required for inventories, assessments, surveys, and studies necessary to define critical program required by existing laws and regulations.

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- 4 – 5 Action is required by laws/regulations, but could be postponed without the facility going out of compliance.
- 3 - 4 Action is for regulations that have been proposed, but have not yet been promulgated.
- 1 - 3 Action is not currently required, but may be needed to avoid possible non-compliance in the future.

Mission

- 7 - 10 Failure to act will significantly affect the facility's ability to perform its assigned mission, meet time-specific agency schedules, sustain an effective environmental program, or delay critical aspects of the program.
- 5 - 7 Failure to act may degrade a facility's ability to perform missions, meet agency requirements, or maintain the environmental program.
- 1 - 5 Failure to act will not degrade the facility's ability to perform assigned or projected missions. Funds are desirable to meet general guidance of internal regulations or enhance the environmental program.

Public Perception

- 7 - 10 Immediate action needed to avoid confrontation with Federal/State/Local/Tribal regulatory officials or the public.
- 1 - 7 Some action needed to avoid confrontation with Federal/State local regulatory officials or the public.