

CHAPTER 75-8 PRIORITIZATION AND FUNDING OF DEMOLITION ACTIVITIES

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75-8.1. INTRODUCTION

A. Purpose

This chapter establishes the IHS process for funding demolition of Federally-owned buildings and structures. These procedures 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 is available only for work at IHS-owned facilities.

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.

Due to the interrelation between demolition of older structures and possible environmental remediation needed before demolition, the IHS Environmental Steering Committee (ESC) will manage distribution of these funds.

75-8.2. FUNDING

Funding will only be provided for the demolition of Federal buildings and structures that are not required to support mission and are deemed to be excess to the IHS. However, they may be used for the demolition portion of Repair by Replacement projects. Demolition and removal of all existing structures associated with new construction projects on

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the National Health Facilities Priority List shall be included in the new construction project budgets and demolished using those funds.

Demolition funding will only be provided for projects with an overall cost of \$25,000 or greater. Projects with a cost less \$25,000 shall be prioritized, funded, and managed at the Area level. Where logical, demolitions may be grouped so total cost is above the threshold.

Costs associated with demolition contract preparation, historical review, NEPA requirements, etc. can be included in the demolition project funding request. Costs associated with environmental remediation and testing are not eligible for these funds, See Chapter 75-5 *Prioritization and Funding of Environmental Remediation Activities*.

All upfront costs shall be paid for by the Area and can be included in the Project Summary Document (PSD) or Project Justification Document (PJD) (if over \$1,000,000) requesting funding. Eligible costs will be reimbursed if the project is funded.

When a project is selected, the Area makes a commitment to provide timely progress toward completion of the full scope of work within the total identified funding. The cost estimate should include a line item for contingency and should be a maximum of 15 percent. If the amount to complete the project is not within \$5000 (over or under) of the amount requested, the Area should submit an amended request to the ESC for discussion.

The ESC may, at its discretion, fund the additional requirements if greater than \$5000. Unneeded or unexpended funds, greater than \$5000, are NOT retained by the Area Office. If greater than \$5000, the ESC will request recall of all funds not required for project completion, e.g., if the ESC awarded \$125,000 for demolition activities and the Area completed all required work for \$97,000, then the ESC would initiate a request for return of the remaining \$28,000.

If no progress has been made within two years after the funds have been Advised, 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.

75-8.3. DOCUMENTATION

A complete, signed PSD/PJD should be submitted to the ESC and will be considered a request for funding of demolition projects. The PSD/PJD should include: Real Property disposal documents, Reports of Survey, supporting documentation, findings of studies, and detailed cost

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estimates. For guidance in preparing a PSD see appropriate paragraphs of Section 13-1.3 of Technical Handbook Chapter 13-1. The PSD/PJD should not include volumes of test and lab results, copies of envelopes, etc.

All submissions must also contain the following:

- One page executive summary;
- One paragraph description of the project or work to be performed;
- Project number;
- Building Identifier (Installation Number - Building Number) for each building within the scope;
- Listing (by FEDS number) of all deficiencies that will be corrected/eliminated by the work being proposed;
- Real Property disposal documents for each building to be demolished;
- Reports of Survey for each building to be demolished.

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

75-8.4. PROCESS

The ESC will evaluate proposals that exceed the aforementioned threshold. The proposals will be numerically scored based on IHS evaluation factors. If funds are available, the highest-ranking proposals within the funds available will be funded.

A. Submission and Evaluation Timetable

PSD's/PJD's 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. Areas 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 emailed by the IHS Area Office to the Recording Secretary of the ESC. For the Recording Secretary's contact information, consult the ESC membership list at <http://www.dfo.ihs.gov/index.cfm?page=comworkenv>.

All documentation related to the funding request, e.g., PSD's or PJD's, status updates, final reports, etc. must be submitted through the applicable Area Office. This includes service units, field locations, etc.

All submissions must be in electronic format. Hard copy will NOT be accepted. The complete package including PSD Summary Cover sheet must be in one pdf file. Name the file with the Area designator followed by the project name and number, e.g., *TU - PSD for Demolition of San Xavier Building 11479-00610 (TU4SX033Z7).pdf*. A file name similar to *AR-M355N_20080215_124141.pdf* is most likely not meaningful to anyone and will not be accepted for review. Incomplete packages and/or packages that do not comply with the above requirements will not be accepted.

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 ranked.

The evaluation factors, described in Exhibit I, will be the same as for environmental 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

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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 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. Obligations

The ESC will request Advice of funds as soon as practical after the evaluation. Status updates will be periodically requested and reports are required as soon as practical after project completion.

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

NOTE: The Guiding Principles as stated in the *Federal Leadership in High Performance and Sustainable Buildings Memorandum of Understanding* require the following with regard to construction and demolition waste:

During a project's planning stage, identify local recycling and salvage operations that could process site related waste. Program the design to recycle or salvage at least 50 percent of the construction, demolition, and land clearing waste, excluding soil, where markets or on-site recycling operations exist.

In addition, Executive Order 13514, *Federal Leadership in Environmental, Energy, and Economic Performance* requires diversion of at least 50 percent of construction and demolition materials and debris by the end of FY-2015.

75-8.5. Exhibit 1 - 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.
- 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.