



Agenda Item: Discuss and Consider Approval for Options to Repair or Demo of Stewart Beach Pavilion

Background: The Stewart Beach Pavilion is a concrete and CMU (concrete block) facility that was built in 1984 and is experiencing significant deterioration. This agenda item proposes two alternatives and invites further dialogue from the Trustees regarding how to best address the condition of the building and the future development of Stewart Beach park.

The pavilion is exposed to coastal conditions and after 37 years is suffering from concrete spalling. Concrete spalling occurs when water infiltrates concrete and causes rebar to rust. Rusting rebar expands which pushes against the concrete surrounding it and causes the concrete to “spall”. Spalling concrete can eventually separate from the main structure and break away.

In March 2020 an engineer’s assessment of the spalling issues was generated with approximate repairs estimates to assist staff in assigning priority for repairs. The total estimated cost for repairs were \$399k. Repairs to address two prioritized areas of spalling were budgeted for 2021 for the estimated amount of \$65k.

On January 26th the Board awarded the bid from a local contractor to make repairs to prioritized areas of spalling for the cost of \$55k. The contractor began work on March 1st and is scheduled to complete the project by April 2nd.

Staff recently observed additional areas of spalling that have broken away or nearing the breaking point and are causing public safety hazards. Areas around the pavilion have been fenced off to prohibit foot traffic near the structure in certain areas.

A lift truck was rented to help staff break away loose pieces and an engineer was hired to perform a visual inspection of the upper portions of the pavilion. On February 1st staff conducted an on-site walkthrough with the City of Galveston’s architect and director of facilities to gain their feedback and recommendations.

On February 26, 2021 the engineer’s follow-up inspection report was submitted to staff. The report included observations, recommendations for repairs in prioritized order and preliminary construction cost estimates for the repairs.

The engineer’s follow-up report estimates the prioritized areas of repairs at a cost of \$530k. This is in addition to the March 2020 assessment and estimated costs of \$399k. These two reports are summarized in the attached 2021-03-12 Summary Document.

On February 1, 2021 the City of Galveston’s Facilities Director and Architectural Project Manager participated in a site visit with Park Board staff. The Park Board received a copy of the report on 3/15/21 and for the most part their findings echoed those of the Engineer hired by the Park Board.

The current state of the structure has significantly reduced its functionality and doesn’t comport with the Board’s vision and mission, or the strategic plan goal to be a national destination, specifically maintaining parks with world

class amenities. The repair recommendations in both reports are based on limited visual observations. Other problem areas may exist but are currently obscured from visual observation.

The building houses numerous departments; Beach Patrol, Stewart Beach Management, Seawall Parking Management and Call Center and the Parks General Manager, as well as providing storage for these departments and several concessionaires. It also provides bathroom facilities, training and meeting space and retail space.

Given the life and safety concerns, as well as the cost of maintaining coastal facilities, staff is preparing to relocate Seawall Parking Management and Call Center and the Parks General Manager to the Park Board Plaza. These operations will be permanently removed from Stewart Beach.

Visitor services, while available at the pavilion, are not adequate for today's park operations. Restroom and shower amenities are combined, there is no ADA accessibility apart from the elevator which suffers continual outages, the historical retrofitting of the building has made the building inefficient to operate and layout of visitor and employee spaces are not appropriately segregated.

Staff Recommendation:

Staff recommends immediately relocating those offices which can be relocated out of the pavilion by the end of 2021. These include the General Manager of Parks office, Seawall Urban Park Managers office and SUP Call Center. These offices can be permanently relocated to the Park Board Plaza.

For the remaining services, and in light of the effort to attract a private sector partner to build and operate services on the beach, there are two options to proceed.

Option 1: Conduct repairs as recommended in Engineering report.

Per the Engineer's recommendations from both reports we currently have approximately \$825,000 worth of repairs directly related to concrete spalling that should be addressed in the next two years. There were additional recommended items in the original assessment that were not related to the concrete work, with repairs valued at \$49,000 and an additional \$55,000 of repairs that are currently underway.

Funding Source:

There are essentially two ways to finance this option – 1) straight cash outlay over two years at \$412,500 per year, or 2) pull out a loan and pay for the repairs over time. The straight cash outlay would completely deplete the cash reserves for Stewart Beach. To mitigate the impact on cash flow, the loan would need a 5 to 10-year amortization schedule. With an estimated interest rate of 5%, the average yearly principal payment would be between \$82,500 and \$165,000 and the average yearly interest payment would be between \$22,000 and \$22,500. Total yearly debt service outlay would be between \$105,000 and \$187,000. Total interest paid on the loan would be between \$110,000 and \$225,000.

Option 2: Demo the pavilion in winter 2021 and find alternate offices

The departments that will need to be accommodated are Stewart Beach Park, Galveston Island Beach Patrol and Seawall Urban Park (storage for equipment and maintenance supplies only). Collectively they need space for operations, storage and administration.

Funding Source:



The estimated cost to demo the pavilion is \$250,000. The financing options would be similar to option 1, but the cash outlay would be significantly reduced. Depending on the length of the loan (between 5 to 10 years), the average yearly principal payment would be between \$25,000 and \$50,000, and the average yearly interest payment would be between \$6,600 and \$6,820. The total yearly debt service outlay would be between \$31,600 and \$56,820. Total interest paid on the loan would be between \$33,000 and \$68,200. The assumed interest rate is 5%.

Funding Source (if applicable): Refer to Options 1 and 2