

POSSIBLE MOTION

I MOVE TO approve Ordinance 2016-42 on second and final reading.

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CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-42

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY17 BUDGET**

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to adjust the FY17 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY17 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2016 and ending June 30, 2017 is hereby adjusted as follows:

<u>FISCAL YEAR 2017 EXPENDITURE BUDGETS</u>
GENERAL FUND
Hospital Support: The Sitka Community Hospital Director of Operations is requesting funds in the amount of \$109,429 for the replacement of some kitchen equipment and replacement of a HVAC equipment and overhaul. This appropriation will come from the General Fund reserves.
CAPITAL PROJECTS
Fund 780- GPIP Multi-Purpose Dock Project #90748: This is to recognize revenue in the amount of \$7,500,000 from the State of Alaska Designated Legislative Grant Program. With those funds the GPIP Board is requesting an additional \$125,000 from the GPIP Working Capital and \$125,000 from the Bulk Water Fund for the purpose of Contingency money which will be returned equally if unspent.
SPECIAL REVENUE FUNDS
Fund 159- 16 SHSP Project #90830: This is to recognize additional funds in the amount of \$30,000 from the State of Alaska Homeland Security and Emergency Management. This appropriation will be to purchase radios for the Fire Department for the total amount of \$60,000.

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41 **EXPLANATION**

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43 **Necessary revisions in the FY 2017 budget were identified. These changes involve the increase of**
44 **expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short**
45 **explanation of each budget revision is included.**

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47 **5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its**
48 **passage.**

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50 **PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka,**
51 **Alaska this 13th Day of December, 2016.**

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55 **ATTEST:**

Matthew Hunter, Mayor

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Sara Peterson, CMC
61 **Municipal Clerk**



MEMORANDUM

To: Mayor Hunter and Members of the Assembly,
Mark Gorman, Administrator

Cc: Bryan Bertacchi, Hospital Board Chair
Rob Allen, CEO

From: Steven Hartford, SCH Director of Operations

Date: November 2, 2016

Subject: Request for appropriation of FY 2017 capital funds

The Hospital had two capital equipment replacement projects that were contracted for and undertaken in the last fiscal year, however, the final completion of these projects did not occur until just after the end of fiscal 2016 in July of this year. For this reason we are seeking an appropriation to make up for unspent capital funds from 2016 in the total amount of \$109,429.00. The total CBS capital appropriation for FY 2016 was \$247,570.00 of which a total of \$115,609.60 remained unspent on June 30, 2016. The two projects in question, a \$46,883.00 kitchen equipment replacement and a \$62,547.00 HVAC equipment and replacement overhaul were completed and fully accrued by July of 2016. After the Hospital submitted the request for reimbursement on these projects, Jay Sweeney recommended that we seek a new appropriation from the Assembly.

We are therefore seeking approvals of the Assembly on the following:

1. Approval of an Ordinance authorizing the appropriation of \$109,429.00 for City Capital funds for the Hospital to FY 2017



329 Harbor Drive, Suite 212
Sitka, AK 99835
Phone: 907-747-2660

Tuesday, November 15, 2016

MEMORANDUM

To: Mark Gorman – CBS Administration

From: Garry White - GPIIP Director
Michael Harmon – Public Works Director

Subject: GPIIP Multi-Purpose Dock Contract Award

Introduction

The Gary Paxton Industrial Park (GPIIP) Board of Directors is recommending that the CBS enter into an agreement with Turnagain Marine Construction Corporation to design and construct a multi-purpose dock at the Gary Paxton Industrial Park.

Board of directors met on November 14th and approved the following motions:

MOTION: M/S Jones/Horan moved that the CBS accept the design submitted by Turnagain Marine and recommend that the City Administrator award the contract to Turnagain Marine for a Multi-Purpose Dock at the GPIIP.

ACTION Motion PASSED 3/0 on a roll call vote
Yeas: Dan Jones, Scott Wagner, Charles Horan

MOTION: M/S Jones/Horan moved to request the Assembly allocate \$125,000 of GPIIP working capital and \$125,000 from the Bulk Water Fund as contingency money for the GPIIP Multi-Purpose Dock Project with all unspent money to be returned to funds equally.

ACTION Motion PASSED 3/0 on a roll call vote
Yeas: Scott Wagner, Charles Horan, Dan Jones

Background

Since acquiring the industrial site in 1999, the CBS has considered the potential for development of a deep-water port at the Industrial Park. Every Legislative Priorities list from FY2003 through FY2016 includes a reference to development of a marine industry and infrastructure at the SCIP and/or a specific funding request.

Strategy No. 2 of the GPIIP Board of Director's strategic plan calls for the construction of a multi-purpose dock at the GPIIP.

The CBS was successful in working with the State Legislature to have \$7.5 million dollars for the construction of multi-purpose dock at the GPIIP included in a ~\$453.5-million-dollar State wide transportation funding initiative in 2012, which was approved by the voters of Alaska.

In the spring of 2014, the engineering firm Moffatt and Nichol was selected to plan, permit, and design the multi-purpose dock.

The GPIIP Board reviewed various potential preliminary designs for a hard faced dock in the winter and spring of 2015. In April 2015, the Board directed staff to investigate the potential of acquiring and installing a floating dock at the park.

The CBS hired R&M Engineering-Ketchikan to investigate the conditional assessment and feasibility of an available floating pontoon/dock.

The GPIIP Board met on November 23rd, 2015 to review a draft feasibility report on a Pontoon Drive Down Float for the Gary Paxton Industrial Park. The Board gave the GPIIP Director direction to bring back a final report and a suggested motion to move the floating dock project forward.

The GPIIP Board met in December 2015 and approved the following motion.

Motion: The GPIIP Board recommends that CBS staff develop and release a design build RFP to purchase, refurbish, and install a floating dock at the Gary Paxton Industrial Park. The GPIIP Board recommends that sections N, O, & P of the former Hood Canal Bridge or similar floating dock be acquired. The project should include options for \$7 million dollars and \$8.7 million dollars

In an effort to enhance the opportunity for innovative solutions while maintaining a competitive process and firm pricing, the CBS elected to utilize a project delivery method referred to as design-build, where one contract is issued to a single entity for all services required to complete the project.

The CBS hired Windward Project Solutions LLC to assist with development and release of the RFP.

The RFP was released 6/22/2016 with available funds amount of \$6.8 million allocated for the design-build contract.

On August 18th, the CBS received four proposals in response to the Request for Proposals. All four proposals exceeded the available funds amount. The GPIIP Board met on September 1 to evaluate the Proposals and determined that the GPIIP Board would not request additional funds from the Assembly as necessary to award a contract at that time.

As a result, at the GPIIP Board's recommendation, the CBS re-engaged all four Proposer's in a competitive, Best & Final Offer process as allowed for in the RFP with restructured project priorities. On September 27th, three Final Offers were received. Those Offers include a total of six design options all of which accommodate freight and fishing industries and allow for future development that would enable use by larger vessels. Furthermore, all three Proposals each contain a solution within the available funds amount.

The GPIIP Board met on October 17, 2016 to review the updated proposals. The GPIIP Board scored all proposals with the following scores: (Potential 250 points)

- Turnagain Marine Construction – 249.92 points
- Pacific Pile Marine – 240 points
- Heko Services Inc. – 229.29 points

The GPIIP Board then approved the following two motions:

MOTION: M/S Horan/Bevan moved to approve the proposed scores and the Apparent Best Value results.

ACTION: Motion PASSED 4/0 on a roll call vote
Yeas: Charles Horan, Hugh Bevan, Scott Wagner, Dan Jones

MOTION: M/S Horan/Bevan moved to support and recommend CBS staff to proceed with finalizing a scope of work and contract terms with Apparent Best Value Proposer on the condition that the Board will continue to be informed throughout the process, including an opportunity to review the contract prior to Administrative authorization.

ACTION: Motion PASSED 4/0 on a roll call vote
Yeas: Charles Horan, Hugh Bevan, Scott Wagner, Dan Jones

Project/Contractor Scope of Work

The following is a summarization, in general terms, of the scope of work included in the attached Design-Build contract and does not fully describe all details of the Work. The draft contract includes the Agreement, General Conditions, Supplementary Conditions, and Exhibits 1 and 2. Exhibit 1 describes the minimum project requirements, as were defined by the Request for Proposals and subsequent addenda and correspondence. Exhibit 2 serves to further define the Design-Builder's scope of work as detailed in the Proposal documents and negotiations.

The Design-Builder to perform:

- all management, services, labor, material, and equipment necessary to design and build the Project in accordance with the Contract; and,
- all regulatory coordination and authorizations (permits) as required by law to construct the facility; and,

- development and execution of a comprehensive, quality management plan including all testing, inspection, and documentation necessary to control and independently assure performance of Work is in strict compliance with applicable standards, specifications, and design requirements.

The Project will provide a multi-purpose, floating dock facility at the Gary Paxton Industrial Park to serve a range of industries, including but not limited to fishing and container/cargo shipping. The primary floating dock is a repurposed double hull steel barge, 250 feet long and 74 feet wide, and will be accessible by a drive-down ramp with a minimum width of 14 feet. The structure will accommodate the handling of loaded containers, truck and trailers, and vehicles intended to support vessels with a maximum draft 40 feet.

A separate, new floating dock will be attached to the primary dock to allow for 120 feet of transient moorage for smaller vessels. Some features of the facility include lighting, electrical power sources, and a fire suppression system. Fenders, life rings, and access ladders will be installed to provide for safe operation. The facility will have a 50-year design life and meet or exceed industry standards relating to corrosion resistance with minimal long-term maintenance.

A portion of the existing deteriorated in-water structures will be removed as required to install the new facility. The final design and location will not unreasonably restrict opportunities for future upgrades that will enhance accommodation of larger vessels, bulk water distribution, or other new industry. Contingent upon the timely issuance of a contract and environmental authorizations, the Project is scheduled to be substantially complete by Fall 2017.

Fiscal Note

The GPIP Multi-purpose Dock project is funded by a \$7,500,000 FY13 Designated Legislative Grant administered by the State of Alaska. The grant funds originated from a State voter approved and ratified general obligation bond.

A contract award in the amount of \$6,800,000 would result in a project contingency of approximately 1% after accounting for project costs/encumbrances to date and estimated Construction Management and Inspection costs to complete the work. Industry standard construction contingencies range from 5-10% depending on project specifics. For this project, Staff feels there are minimal apparent Owner risks associated with this contract. However, since any unforeseen issues during construction could have cost implications it is important to have sufficient contingencies to avoid additional costs associated with Owner delays. CBS staff recommends an additional \$225,000 be added to the project budget to bring the total project contingency to ~4%. Best practices are to avoid using grant funds as contingency to provide maximum benefit for the CBS. Possible funding sources include the GPIP Enterprise Fund Undesignated Working Capital, Bulk Water Fund, and/or GPIP Contingency Fund (i.e. Environmental Fund). It would be a project goal to minimize the use of the additional contingency funds and to return as much as possible back to the funding source.

Additional Information

- A draft Tariff of costs and regulations to use the dock have been developed for future discussion and implementation.
 - The GPIIP Director has held informal conversations with multiple businesses on potential uses of the dock for moving freight, vessel moorage, and in water vessel work.
- An Operational Management Plan for the dock has not been fully implemented at this time.
 - Per Turnagain Marine's proposal, annual maintenance expenses are estimated to be \$3,930 due to quality of floating barge, protective coating, and cathodic protection. Please see attached GPIIP Preliminary Maintenance Schedule.
 - The GPIIP Director and CBS Harbor Master have discussed and will be finalizing a plan to manage users of the facility.
- The Strategic Plan for the GPIIP includes the development of a marine services industry at the park. In the GPIIP Director's opinion, the proposed multi-purpose dock will provide a floating work platform to support the marine service industry. The GPIIP Board is still working towards the development of additional infrastructure to support the marine service industry. The Board will continue to advocate for funds to support the development of the GPIIP Waterfront to support the marine service industry.
- A multi-purpose dock at the GPIIP will allow for greater marketing opportunities.

Action

- CBS accept the design submitted by Turnagain Marine and the City Administrator award the contract to Turnagain Marine for a Multi-Purpose Dock at the GPIIP.
- Assembly approval of allocating \$125,000 of GPIIP working capital and \$125,000 from the Bulk Water Fund as contingency money for the GPIIP Multi-Purpose Dock Project with all unspent money to be returned to funds equally.