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## MEMORANDUM

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**To:** Mayor McConnell and Members of the Assembly  
Mark Gorman, Municipal Administrator

**From:** Mark Buggins, Public Works Director (acting) *MB*  
Dan Tadic, P.E., Municipal Engineer *DT*  
David Longtin, P.E., Senior Engineer *DLL*

**Reviewed:** Tori Fleming, Contract Coordinator *TF*

**CC:** Jay Sweeney, Chief Finance and Administrative Officer *JS*

**Date:** August 4, 2014

**Subject:** Recommendation to award design-build contract for Lake Street & Monastery Street lift station project to CBC Construction

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Background:

The Public Works Department received one proposal for this design-build project on July 29, 2014. The Request for Proposals was advertised in the Sitka Daily Sentinel, Juneau Empire and Anchorage Daily News in accordance with City and Borough of Sitka procurement policies. The proposal, which was deemed responsive, was from CBC Construction for a lump-sum price of \$841,000.

Analysis:

The Lake Street lift station serves 37 lots, and the Monastery Street lift station serves 82 lots. The Environmental Division does not have spare pumps for these aging lift stations, constructed in 1975 and 1973, respectively. This has been a high-priority job for the Environmental Division, so Public Works decided to execute the project with a design-build delivery to compress the schedule.

The project will design both lift stations, completely replace the Lake Street lift station and replace the Monastery Street pumps, appurtenances, electrical controls and valve vault. The schedule proposed by CBC calls for the project to be complete by the end of November 2014.

The proposed cost lump-sum cost of \$841,000 is in line with the cost estimate provided by the 2012 Sewer Master Plan, which estimated an \$850,000 cost for replacement of these lift stations.

Fiscal Note:

The project will be funded by an Alaska Clean Water Fund loan administered by the Alaska Department of Environmental Conservation. The Municipality had previously applied for this loan and the application was approved, so no further approval is required. When fully drawn, the loan will provide a total of \$1,379,170 for the replacement of the Lake Street, Monastery Street, and Channel lift stations.

Annual debt service for the full loan is expected to be \$80,331, assuming level debt service, interest of 1.5%, and a term of 20 years. The FY15 9.5% wastewater rate increase, previously approved by the Assembly, is expected to generate \$230,000 annually, and a portion of this cash flow will be used to pay for the additional debt service.

**Recommendation:**

**Approve award of a design-build contract for the Lake Street and Monastery Street Lift Station Replacement Project to CBC Construction for \$841,000.**