



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members
Thru: John Leach, Municipal Administrator
From: Ron Vinson, Public Works Director
Date: March 5, 2024
Subject: Supplemental Appropriation for Thomsen Harbor Lift Station Replacement

Background

In 2022, the Assembly granted approval for the City and Borough of Sitka to apply for a \$1.3M loan from the Alaska Department of Environmental Conservation (ADEC) to rebuild the Thomsen Harbor Lift Station. At the time of the approval, it was anticipated that the approved amount would be a sufficient amount to complete the project.

In 2023, the project's design and construction estimating process exposed areas of the project that would potentially result in cost increases beyond what was originally estimated for completion of the project. Through contractor estimates and independent-third-party estimates, a guaranteed maximum price of \$2,805,783.94 has been derived. Based upon this updated project price, an additional \$1,700,000 in ADEC loans is needed to complete the project.

In January of 2024 Ordinance 2024-04 approved increased appropriations in the amount of \$1,700,000 to allow for application and execution of additional ADEC loan funding. However, per recent coordination with ADEC, the additional ADEC loans are not expected to materialize before the project breaks ground. In order to maintain the construction schedule, a Supplemental Appropriation of \$1,700,000 from the General Fund is requested. The supplemental appropriation will be shown as working capital until the ADEC loan funds become available; at which time the working capital will be replaced in its original fund.

Fiscal Note

This project needs \$1,700,000 in temporary funding from the Wastewater Fund's available working capital. While the ADEC loan application and approval process for the loan authorized in Ordinance 2024-04 is underway, it is not expected to be completed as soon as the funding is needed. In order to initiate work in time for the optimal construction window, contractual agreements need to be signed before the loan is expected to be executed, thus the need for a temporary appropriation of working capital. When the loan funding is finalized, the working capital being appropriated in this ordinance will be returned to the Wastewater parent fund (fund 220) anticipated May 2024.

Recommendation

It is recommended that the Assembly approve supplemental appropriation of funds for the Thomsen Harbor Lift Station, in the amount of \$1,700,000.