

TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: August 11, 2022

RE: **Authorizing Budget Transfer – Water Street Trestle No. 1 Reconstruction, Alaska Department of Transportation & Public Facilities (ADOT&PF)**

The motion detailed below was prepared at the request of Public Works Director Mark Hilson, who asked that it be placed before the City Council for consideration at its meeting of August 18, 2022. If adopted, the motion provides for transferring \$215,527 from the Appropriated Reserves of the Public Works Sales Tax Fund to the Public Works-Streets Division's 2022 Water Street Trestle No. 1 Reconstruction capital account to provide for the required local match to the State of Alaska Department of Transportation & Public Facilities (ADOT&PF) to fund this project. The rationale for the transfer and use of funds is detailed in Mr. Hilson's transmittal memorandum and requires no elaboration on the part of the City Manager's Office. I concur with the Public Works Director's recommendation.

The Public Works Director will be attending the City Council meeting of August 18, 2022, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion authorizing a budget transfer in the amount of \$215,527 from Appropriated Reserves of the Public Works Sales Tax Fund to the Public Works-Streets Division's 2022 Water Street Trestle No. 1 Reconstruction capital account for the required local match to the State of Alaska Department of Transportation & Public Facilities (ADOT&PF) to fund this project.

Recommended Motion: I move the City Council authorize a budget transfer in the amount of \$215,527 from Appropriated Reserves of the Public Works Sales Tax Fund to the Public Works-Streets Division's 2022 Water Street Trestle No. 1 Reconstruction capital account for the required local match to the State of Alaska Department of Transportation & Public Facilities (ADOT&PF) to fund this project.

MEMORANDUM

TO: Lacey Simpson, Acting City Manager
CC: Michelle Johansen, Finance Director
FROM: Mark Hilson, P.E., Public Works Director
DATE: August 8, 2022
SUBJECT: **Water Street Trestle No. 1 – Local Match Budget Transfer**

The Alaska Department of Transportation & Public Facilities (ADOT&PF) has completed the design, permitting, and right-of-way acquisition for the Water Street Trestle No. 1 project, and is now ready to advertise for bids for construction. This is a critical project for the City since this structure is under strict load restrictions, and is in poor structural condition. When completed, the structure will have been removed and replaced with a retaining wall and fill section that reduces future maintenance and reconstruction liability for the City.

Unfortunately, ADOT&PF's most recent construction obligation for the project stands at an estimated \$4.3M, which reflects a substantial increase in cost due to rapidly increasing construction costs, and not having an updated estimate since the early stages of the project. As you may recall, this project is funded with just under 90% Federal Highway Administration funds, and the balance with local City of Ketchikan matching funds. While this project was funded with the City Council's adoption of the 2022 General Government Capital Improvement Program, we currently have \$231,110 left in this project's account after providing our share of matching funds for design, permitting, and right-of-way acquisition. The required local match for construction now stands at \$446,637, leaving a shortfall of \$215,527. It is worth noting that this local match is based on ADOT&PF's estimate that includes a 10 percent contingency. The final local match amount will be determined after the bid opening. In order to give ADOT&PF the assurance that the City is committed to the funding of the local match, staff recommends a budget transfer of \$215,527 for the remaining required local match amount from the Appropriated Reserves of the Public Works Sales Tax Fund to the Water Street Trestle No. 1 Reconstruction capital account. It is possible that we may have to revisit the funding of this project again if bids come in even higher than anticipated.

RECOMMENDATION

It is recommended that the City Council authorize a budget transfer in the amount of \$215,527 from the Appropriated Reserves of the Public Works Sales Tax Fund to the Streets Division Water Street Trestle No. 1 Reconstruction capital account.

Recommended Motion: I move the City Council authorize a budget transfer in the amount of \$215,527 from the Appropriated Reserves of the Public Works Sales Tax Fund to the Streets Division Water Street Trestle No. 1 Reconstruction capital account.

Department: Public Works Streets - Bridges & Trestles			Project Priority: 2			Project Number:				
Project Title: Water Street Trestle No. 1 Reconstruction			Start Date: 01/17 End Date: 12/22			Estimated Project Cost:				
Description: Design and complete reconstruction of Water Street Trestle No. 1. In April 2017, the City entered into a memorandum of agreement with the Alaska Department of Transportation and Public Facilities to design and construct the replacement bridge. Under the terms and conditions of the agreement, the City will be responsible for providing the local match for the project. The total estimated cost of the project is \$3 million and the City's match requirement is \$311,537.						Design Land/Right-of-Way Construction Management Construction 311,537 Equipment Other Project Total 311,537				
Source of Funds	Fund No.	Prior Years	Adopted 2022			Projected Requirements				Total Project
			Reappro- priated	New Funding	Total	2023	2024	2025	2026	
Public Works Sales Tax Fund	111	57,792	253,745		253,745					311,537
Total		57,792	253,745		253,745					311,537

Project; authorizing the city manager to execute that agreement; and establishing an effective date.

Motion passed with Coose, Flora, Zenge, Gage, Sivertsen and Isom voting yea; Kiffer absent.

Resolution No. 17-2651 - Memorandum of Agreement with Alaska Department of Transportation and Public Facilities - Water Street Trestle No. 1 (#389) Improvement Project Budget Transfer for Preliminary Engineering Through Preparation of Environmental Document, Water Street Trestle No. 1 (#389) Improvement Project

Moved by Sivertsen, seconded by Coose the City Council approve Resolution No. 17-2651 approving a Memorandum of Agreement with the State of Alaska Department of Transportation and Public Facilities concerning the Ketchikan - Water Street Trestle No. 1 (#389) Improvement Project; authorizing the city manager to execute that agreement; and establishing an effective date.

Motion passed with Coose, Flora, Zenge, Gage, Sivertsen and Isom voting yea; Kiffer absent.

Moved by Sivertsen, seconded by Coose the City Council authorize a budget transfer in the amount of \$50,000 from the Streets Division's 2017 Dunton Street Trestle Replacement Capital Account to the Water Street Trestle No.1 Replacement Account to pay for the cost of the City's share of preliminary engineering through preparation of the environmental document associated with the Alaska Department of Transportation and Public Facilities' Water Street Trestle No. 1 (#389) Improvement Project.

Motion passed with Coose, Flora, Zenge, Gage, Sivertsen and Isom voting yea; Kiffer absent.

UNFINISHED BUSINESS

Tideland Lease Renewal

Moved by Sivertsen, seconded by Coose the City Council direct staff to proceed with the renewal of tideland leases as determined appropriated by the City Council.

Councilmember Sivertsen felt that going with the Borough's methodology was the way to do it. He commented the material indicates that three of the four leaseholders would pay less rent under the Borough's methodology as opposed to the percentage increase the City put forward.

City Attorney Seaver answered questions from the Council, pointing out that one lease isn't strictly residential but rather mixed use. Councilmember Sivertsen felt this one should be exempted and dealt with as a separate issue, and figure out how make the adjustment for commercial use properties.

Councilmember Sivertsen requested from staff a recommendation on senior citizen exemption on the residential tideland leases. Mayor Williams asked if anyone had a problem going with the Borough's methodology and the exemption for seniors; no objections were heard.