Memorandum 12-110 Municipal Harbor Grant

Memorandum ID: 12-110
Memorandum Status: Backup

CITY OF HOMER
CITY HALL

MEMORANDUM 12-110

To: Mayor Hornaday and City Council
From: Katie Koester, Community and Economic Development Coordinator
Through: Walt Wrede, City Manager
Date: June 25, 2012
Subject: Update on Municipal Harbor Grant

The purpose of this memo is to update the Mayor and Council on the information listed in Resolution 12-043 authorizing the City Manager to issue revenue bonds for the required 50% match portion of the Municipal Harbor Facility Grant Program.
1) Updated total estimate for Harbor Improvement Projects. Resolution 12-043 lists the total amount for the three harbor improvements projects (Replacing Ramp 3 and Harbor Floats and System 5 Upgrades), as $9,094,000. The latest estimate from the engineer is $9,119,000 (a $25,000 difference).
2) Do not bond for Denali Commission Waterfront Improvement Grant required local match. Resolution 12-043 includes the Denali Commission Waterfront Improvement Project required local match of $110,000 in the bond sale. This grant is for the design and engineering phase of replacing Ramp 3 and Harbor Floats and System 5 upgrades. The City needs to have this phase of the project done before the bond sale to finish the harbor improvement projects on schedule. The Municipal Harbor Grant requires the construction of all projects to be complete 18 months after notice of award. Projects need to be closed out December 2014 for the current application cycle. The recommendation is to not bond for the match and come up with the $110,000 from a combination of reserves and cruise ship passenger vessel pass thorough funds from the Borough ($32,000).
3) Backing out design and engineering costs from the Harbor Improvement Projects. Design and Engineering expenses are ineligible for the Municipal Harbor Grant Program and cannot be included in the application. Furthermore, that phase of the project needs to be complete by the time the Municipal Harbor Grant funds are awarded to keep the project on schedule.
Project PnD February Estimate Design and Engineering Construction Only Total 50% Construction
Ramp 3 $795,000 $62,000 $733,000 $366,500
Harbor Float Replacement $7,353,000 $570,000 $6,783,000 $3,391,500
System 5 $971,000 $75,000 $896,000 $448,000
TOTAL $9119,000 $707,000 $8,412,000 $4,206,000
The Denali Commission grant will cover over half the design and engineering expenses. The City needs to come up with $235,000 (including local match for Denali Commission grant) for the remainder. This cannot be included in a bond because of timing issues. The recommendation is that these funds come from reserves. An amendment to the current budget will come before you next meeting (July 23rd) reflecting this change.
Design and Engineering
Denali Commission $440,000
KPB CPV funds $32,000
City of Homer (Reserves) $235,000
TOTAL $707,000

4) Remove Load and Launch Ramp from the Municipal Harbor Grant Application. Alaska Department of Fish and Game (ADF&G) has identified federal funds to replace the Load and Launch ramp, a 3.5 million dollar project. The City is expected to come up with a 25% match for the construction portion of the project ($787,500). The City may not use the Load and Launch Ramp federal grant funding as a match for the Municipal Harbor Grant because:
a. The city does not have solid proof of funding for the grant application (such as an award letter). ADF&G is

unsure when the funding will come through for this project.
b. It is unlikely the Load and Launch Ramp can be completed in the 18 month time frame the Municipal Harbor Grant requires (by December 2014).
The City may consider bonding for the entire $787,500 local match for the construction phase of the Load and Launch Ramp. This would increase the amount the City needs to bond for to just shy of $5 million. Resolution 120943 authorizes the City to bond for up to 5 million dollars.
Bond Sale
50% Construction $ for 3 Projects $4,206,000
Load and Launch Ramp $787,500
TOTAL 4,993,500

Related Resolutions**Memorandum - Related Resolutions:** Resolution 12-043 Capital Improvements in the Harbor and Funding by Grants, a Revenue Bond Sale, and Fee Adjustments

Source URL (retrieved on *2014-09-02 05:30*):
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