



City of Homer

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Memorandum 20-164

TO: City Council

THROUGH: Rob Dumouchel, City Manager

FROM: Janette Keiser, Director of Public Works

DATE: October 8, 2020

SUBJECT: Amendment to Total Project Budget for Homer Seawall Revetment Project

I. **Issue:** We are in the middle of the process to form a Special Assessment District for the Homer Seawall Revetment Project. It is our intent that this project will be financed by a loan from the Alaska Department of Environmental Conservation Drinking Water Revolving Loan Fund, which will be repaid by the property owners through assessments. The City needs a way to pay for the projects costs first and subsequently seek reimbursement from the loan funds.

II. **Background:**

A Special Assessment District for the Homer Seawall Revetment Project has been formed. The Total Project Budget was revised at the City Council meeting of September 28, 2020 to \$945,661 and adopted in Resolution 20-092(A). However, one of the documents related to this Special Assessment District, is Resolution 20-090, which granted authorization for the City Manager to accept a loan from the Alaska Department of Environmental Conservation, which will be used to finance the project. Resolution 20-090 was passed in the Consent Agenda before the Council took action on Resolution 20-092(A). When Resolution 20-092(A) was passed, we forgot to go back and revise Resolution 20-090.

The Total Project Budget was changed for the following reasons:

a. **The 5% Contingency was deleted.** The value of the construction contract listed in the Total Project Budget includes a contingency to cover the possibility the contractor will install rock that that goes beyond the “neat line”; that is, the line which would be made if the contractor were able to place the armor rock precisely within the dimensions shown on the plan sheets. The reality is that this is not always possible. The specification allows a 1’ tolerance, which means the contractor can install rock as much as 1’ beyond the

“neatline” and still be paid for it. This potentially adds \$279,072 to the price of the construction contract. Since the 5% contingency was added to accommodate the possibility that more rock would be needed and this possibility is already accounted for, we felt adding the extra 5% contingency was unwarranted.

- b. **The 5% SAD City Administrative Fee was deleted.** The Council deemed this would be deleted as an additional part of the City’s contribution to the project.
- c. The new Total Project Budget is \$945,661.

III. Action Recommendation.

That a new resolution be adopted to reconcile the authorization to accept the ADEC loan with the Total Project Budget set forth in Resolution 20-092(A), \$945,661.

Total Project Budget

a. Engineering	\$38,596	
b. Design Survey	\$ 3,975	
Total Preconstruction Costs		\$42,571
c. Construction Contract	\$849,590	
d. Inspection	\$ 28,500	
e. Backfill existing wall	\$ 25,000	
Total Construction Costs		\$903,090
f. City Admin. Fee (5% Construction Cost)		\$45,154.50
g. Project Contingency (5% Construction Cost)		\$45,154.50
Total Estimated Project Costs		\$1,035,970