CC-23-168

MEMORANDUM

Resolutions 23-068, 23-069, 23-070, and 23-071

Item Type:	Backup Memorandum
Prepared For:	Mayor Castner and Homer City Council
Date:	July 13, 2023
From:	Janette Keiser, PE, Public Works Director/City Engineer
Through:	Rob Dumouchel, City Manager

Issue: The purpose of this Memorandum is to update the Council on the Ohlson Lane/Bunnell Avenue Pavement Restoration Project and recommend new strategies.

Background: One of the projects in the Pavement Restoration Program established by Ordinance 22-26 was the Ohlson Lane/Bunnell Avenue Project. Resolution 22-052 authorized issuance of a Task Order, in the not to exceed amount of $55,518, to Nelson Engineering to design the project. In the course of the design work, we learned that Ohlson Lane and Bunnell Avenue have an old 8" cast iron water distribution line, which is subject to cracking and should be replaced before the roads are repaved. The estimated cost for the water line replacement is $540,000, as a stand-alone project. We submitted a Questionnaire for an Alaska Department of Environmental (ADEC) State Revolving Loan (SRF) for the water line replacement. The project is now listed on the ADEC's Intended Use Plan for SRF Drinking Water monies in the amount of $491,400. Further, we've been offered a Principal Forgiveness Subsidy in the amount of $491,400. The remaining costs will be requested from the Water CARMA Fund at later date.

Also, in the course of the design work, we learned that more comprehensive storm drain improvements are needed to address long-standing problems on Bunnell Avenue. The estimated cost is $324,491 as a stand-alone project. Storm drain projects qualify for ADEC SRF Clean Water monies, so we submitted a Questionnaire for this project as well. This project is now listed on the ADEC's Intended Use Plan in the amount of $324,000. Further, we've been offered a Principal Forgiveness Subsidy in the amount of $324,000.

The ADEC's Intended Use Plan is good for three years, after which the City must re-apply for eligibility and there is no guarantee we will be offered new subsidies. In order to lock in the subsidies, we must apply for the loans.

The City needs to decide how it wants to proceed. We recommend moving forward with the road project by adding the water line replacement component and the upgraded storm drain improvements. This will give us a fully-functional road system, with a rehabilitated road bed, new pavement, a sidewalk on the south side of the road, a new water line and comprehensive storm water improvements. The cost estimates for the three elements of the project were developed as if each project were built separately. It is highly likely we will achieve some economies of scale if we build all three elements at the same time; for example, we will only need to pay for one SWPPP plan, one traffic control plan, one set of mobilization costs, etc. The estimated total cost of the entire project are:

	Component of Project	Funding Source	Est. Cost	Subsidy
•	Road restoration project	HART Road	$1,171,292	$0
•	Storm drain improvements	HART Road	$ 342,491	$324,000
•	Water line replacement	Water CARMA	$ 540,000	$491,400
		Total Project Cost	$2,053,783	

The design for the road work was funded, a contract was issued to Nelson Engineering and the work is almost complete. That contract did not include design of a water line. Nelson's proposal to design the water line is estimated to be $55,867. The contract did include most of the storm water work, but some additional effort is necessary. Nelson's proposal to provide this additional effort is estimated to be $11,634. Both costs will be covered by the ADEC Principal Forgiveness Subsidies. The FY24 Capital Project includes $90,000 design work related to Ohlson Lane/Bunnell Avenue.

RECOMMENDATIONS:
That the City Council adopt Resolutions authorizing the City Manager to apply for ADEC SRF loan funds, in order to lock in Principal Forgiveness Subsidies:

Ohlson Lane/Bunnell Avenue Water Line Replacement	$491,400
Ohlson Lane/Bunnell Avenue Storm Drain	$324,000

That the City Council authorize a new Task Order to Nelson Engineering for the design of a water line replacement in the Not to Exceed amount of $55,867.

That the City Council authorize a new Task Order to Nelson Engineering to design more comprehensive storm drain improvements in Bunnell Avenue for the Not To Exceed amount of $11,634.