

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2017-43

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH NORTHERN ALASKA CONTRACTORS, LLC TO CONSTRUCT THE WESTWARD CAPTAIN'S BAY 35 KV LINE EXTENSION PROJECT IN THE AMOUNT OF \$1,399,060.52.

WHEREAS, the City of Unalaska has determined that it is in the best interests of the residents of the City of Unalaska to extend electrical service to Westward Seafoods; and

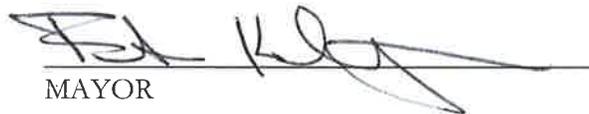
WHEREAS, the Westward Captain's Bay 35 KV Line Extension Project is a part of the Fiscal Year 2017 CMMP; and

WHEREAS, the City of Unalaska has provided funding for such project; and

WHEREAS, the City solicited bids for thirty days, received two bids, and Northern Alaska Contractors LLC was found to be the lowest responsive bidder

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes the City Manager to enter into an agreement with Northern Alaska Contractors, LLC to construct the Westward Captain's Bay 35 KV Line Extension Project in the amount of \$1,399,060.52.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 13TH DAY OF JUNE, 2017.


MAYOR

ATTEST:


CITY CLERK



MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: DAN WINTERS, DPU DIRECTOR
THRU: DAVE MARTINSON, CITY MANAGER
DATE: JUNE 13, 2017
RE: RESOLUTION 2017-43: AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH NORTHERN ALASKA CONTRACTORS, LLC TO CONSTRUCT THE WESTWARD CAPTAIN'S BAY 35 KV LINE EXTENSION PROJECT

SUMMARY: Through Resolution 2017-43, Staff is requests approval for the City Manager to enter into an agreement with Northern Alaska Contractors, LLC ("NAC") to construct the Westward Captain's Bay 35 KV Line Extension Project in the amount of \$1,399,060.52. Staff received two bids in response to our Invitation to Bid and NAC provided the lowest bid. A copy of the Bid Tabulation is attached.

PREVIOUS COUNCIL ACTION: Council approved Ordinance 2016-12 on May 24, 2016, the FY17 Capital and Operating Budget Ordinance, allocating \$2,650,836 for this project from the General Fund.

BACKGROUND: The Captain's Bay 35 KV line extension will provide full electric service to Westward Seafoods. Since the City's Electric Utility can provide more efficient power at an overall lower cost since the New Powerhouse was brought online, both Alyeska Seafoods and Westward Seafoods have requested full electric service.

In July 2015, the City installed partial electric service to Alyeska Seafoods through Ordinance 2014-17, a budget amendment that created the "Alyeska Electrical Tie-in" project. Realizing an immediate benefit, Alyeska Seafoods requested that the City Electric Utility provide full electric service, which was installed in July of 2016. The resulting electric usage by Alyeska Seafoods substantially increased and the Powerhouse generator operating efficiencies increased as well, which provided a positive benefit to the community. Because the Alyeska project was a success, Westward requested that it, too, be brought online so the City can provide all of the electricity needs.

On July 7, 2016, the City of Unalaska entered in an agreement with Electric Power Systems, Inc. to design the Captain's Bay 35 KV Intertie Upgrade to Westward Seafoods.

DISCUSSION: Approval of Resolution 201743 will give the City Manager authorization to enter into an agreement with Northern Alaska Contractors, LLC to perform the construction for Westward Captain's Bay 35 KV Line Extension Project. This project will begin approximately ten days after approval of this Resolution.

ALTERNATIVES: Staff does not believe there are other alternatives to provide full electric service to Westward Seafoods. However, Staff is always receptive to Council’s direction.

FINANCIAL IMPLICATIONS: This project will be funded by a loan from the General Fund. The total cost for this contract will be \$1,399,060.52.

Table 1 shows the projected revenue and payback time after completion of this project and any other related work to provide Westward full electric utility service. A projected annual usage of 10 Million kWh will have a payback of 1.8 years. In comparison, Alyeska Seafoods, after being provided full electric utility service less than a year ago, has already added more than \$1.5 Million in revenue to the City’s Electric Utility.

Table 1

| 35kV Electrical Upgrade to Westward - Projected Annual Revenue and Payback | | | | | |
|--|------------------|--------------|----------------------|--------------|---------------|
| | Annual kWh Usage | Cost per kWh | Total Annual Revenue | Project Cost | Payback Years |
| Minimum Usage | 3,000,000 | \$ 0.14385 | \$ 431,550 | \$ 2,650,836 | 6.1 |
| Projected Usage | 10,000,000 | \$ 0.14385 | \$ 1,438,500 | \$ 2,650,836 | 1.8 |
| Maximum Usage | 20,000,000 | \$ 0.14385 | \$ 2,877,000 | \$ 2,650,836 | 0.9 |

Table 2 provides both the design and construction contract costs to show the remaining balance in the Capital Budget for this project.

Table 2: Costs and Remaining Budget

| Task | Task Description | Cost |
|------|--|--------------|
| 1 | Design Contract (Awarded to EPS on July 7, 2016) | \$ 196,270 |
| 2 | Construction Services | \$ 1,399,061 |
| | Total | \$ 1,595,331 |
| | Capital Budget | \$ 2,650,836 |
| | Remaining Budget | \$ 1,055,505 |

LEGAL: The City Manager will determine whether a legal opinion is required.

STAFF RECOMMENDATION: Staff recommends approval of Resolution 2017-43.

PROPOSED MOTION: “I move to approve Resolution 2017-43”

CITY MANAGER’S COMMENTS: I recommend Council approve this resolution.

