

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE NO. 2018-03

CREATING BUDGET AMENDMENT #4 TO THE FISCAL YEAR 2018 BUDGET, INCREASING THE WASTEWATER FUND - TRANSFERS TO CAPITAL PROJECTS TO FUND COMPLETION OF THE DELTA WAY SEWER LINE REPAIRS PROJECT; INCREASING THE SOLID WASTE FUND - OPERATING EXPENSES, TO PAY FOR REMOVAL COSTS OF BAGGED NETS & FISHING LINE FROM THE LANDFILL; INCREASING THE SOLID WASTE FUND - TRANSFERS TO CAPITAL PROJECTS, TO FUND THE LANDFILL CELLS 3 & 4 PARTIAL CLOSURE PROJECT; INCREASING PORTS & HARBORS - UMC FENCING PROJECT BASED ON BIDS RECEIVED AND REDUCING THE PORTS AND HARBORS - UMC EXPANSION PROJECT CONTINGENCY FUNDS.

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

Section 1. Classification: This is a non-code ordinance.
Section 2. Effective Date: This ordinance becomes effective upon adoption.
Section 3. Content: The City of Unalaska FY18 Budget is amended as follows:

A. That the following sums of money are hereby accepted and the following sums of money are hereby authorized for expenditure.

B. The following are the changes by account line item:

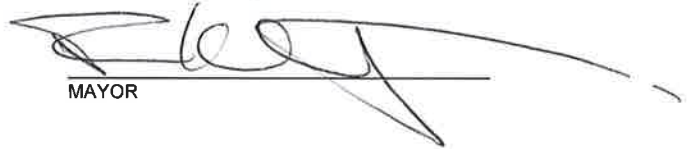
Amendment #4 to Ordinance #2017-07

	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
I. OPERATING BUDGETS			
A. Proprietary Fund			
Source:			
Wastewater Enterprise Fund - Budgeted Use of Unrestricted Net Position	\$ 918,418	\$ 392,400	\$ 1,310,818
Use:			
Wastewater Enterprise Fund - Transfers to Enterprise Capital Projects	415,000	392,400	807,400
Source:			
Solid Waste Fund - Budgeted use of Unrestricted Net Position	706,067	232,000	938,067
Uses:			
Solid Waste Fund - Operating Expenses	678,700	232,000	910,700
Source:			
Solid Waste Fund - Accrued Landfill Closure Costs	5,525,405	346,000	5,179,405
Uses:			
Solid Waste Enterprise Fund - Transfer to Enterprise Capital Projects	1,105,000	346,000	1,451,000
II. CAPITAL BUDGETS			
B. Public Utilities - Project Budget			
Source:			
Transfer from Wastewater Fund Operating	WW18A	415,000	392,400
Uses:			
Construction Services	WW18A	369,000	392,400
Source:			
Transfer from Solid Waste Fund Operating	SW18B	1,000,000	346,000
Uses:			
Construction Services	SW18B	1,000,000	346,000

C. Ports & Harbors - Project Budget

Source:					
	Transfer from UMC Expansion Project	PH17D	<u>10,000,000</u>	<u>110,360</u>	<u>9,889,640</u>
Uses:					
	UMC Security Fencing Project	PH17B	<u>325,000</u>	<u>110,360</u>	<u>435,360</u>

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on March 13, 2018.


MAYOR

ATTEST:


CITY CLERK



Fiscal Year Budget Amendment #4
and Schedule of Proposed Accounts

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
1) <u>General Fund - Operating Budget</u>						
2) <u>Wastewater Fund - Operating Budget</u>						
Sources:						
Enterprise Fund Budgeted Use of Unrestricted Net Position	52016049	49910		918,418.00	392,400.00	1,310,818.00
Uses:						
Transfer to Prop Cap Project	52029854	59940		415,000.00	392,400.00	807,400.00
3) <u>Solid Waste Fund - Operating Budget</u>						
Sources:						
Enterprise Fund Budgeted Use of Unrestricted Net Position	53016549	49910		706,067.00	232,000.00	938,067.00
Accrued Landfill Closure Costs	5300	23800		5,525,405.00	346,000.00	5,179,405.00
Uses:						
Solid Waste Fund - Solid Waste	53024752	54210		65,000.00	232,000.00	297,000.00
Solid Waste Fund - Transfer to Capital Projects	53029854	59940		1,105,000.00	346,000.00	1,451,000.00
4) <u>Wastewater - Capital Project</u>						
Sources:						
Transfer from Wastewater Operating	52119848	49130	WW18A	415,000.00	392,400.00	807,400.00
Uses:						
Construction Services	52126053	54500	WW18A	369,000.00	392,400.00	761,400.00
5) <u>Solid Waste - Capital Project Budget</u>						
Sources:						
Transfer in from SW Op fund	53119848	49130	SW18B	1,000,000.00	346,000.00	1,346,000.00
Uses:						
Engineering & Architectural	53126553	53240	SW18B	54,000.00	106,179.00	160,179.00
Construction Services	53126553	54500	SW18B	942,950.00	88,050.00	1,031,000.00
Contingency	53126553	55912	SW18B	-	151,771.00	151,771.00
6) <u>Ports & Harbors Project Budget</u>						
Sources:						
Transfer from UMC Expansion Project	54119848	49130	PH17D	10,000,000	110,360	9,889,640
Contingency	54127053	55912	PH17D	2,209,140	110,360	2,098,780
Uses:						
Ports & Harbors Fund - Transfer from Enterprise Fund	54119848	49130	PH17B	-	110,360	110,360
Construction Services	54127053	54500	PH17B	-	55,360	55,360
Contingency	54127053	55912	PH17B	-	55,000	55,000

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Dan Winters, Director of Public Utilities
Through: Erin Reinders, Interim City Manager
Date: February 27, 2018
Re: Ordinance 2018-03 – Budget Amendment Request for \$392,400 increase funding for the Delta Way Sewer Line Repairs Capital Project.

SUMMARY: Through this Budget Amendment, Staff Requests \$392,400 in construction services funding in order to complete the Delta Way Sewer Line Repairs Project. This funding will come from the Wastewater Proprietary Fund - Budgeted Use of Unrestricted Net Position.

PREVIOUS COUNCIL ACTION: A Budget Amendment to create this project was approved on September 26, 2017, funding the emergency and limited scope of the project at \$415,000 via Ordinance 2017-13.

BACKGROUND: A breached sewer main on Delta Way has caused bunker fuel to enter the Wastewater Collection System. The Emergency Repairs Project was funded via Budget Amendment, protecting a portion of the sewer line from further infiltration. The funding for the remaining repairs, which were deemed non-emergency at the time, was to be requested via the FY2019 CMMP process. However, it appears that the collection system piping is marinating in Bunker C fuel and, until this project is constructed, the Sewer Lift Station at Delta Way must be extensively cleaned once per week to prevent the fuel from reaching the Wastewater Treatment Plant in violation of the Plant's NPDES permit. We have paid over \$25,000 to date to Resolve Marine Group to conduct the Lift Station cleaning.

DISCUSSION: Accessing the sewer main for a direct repair is impractical due to the bunker fuel contamination and because the line sits below the water table. To avoid digging up the main, the Utility intends to issue an Invitation to Bid to slip line the affected sewer main lines. Slip lining is a proven long-term repair for sewer mains and is often considered equal to or better than the original installation. The limited emergency repairs completed by NAC were performed utilizing the slip line method. Through this budget amendment, Staff requests funding for construction services in order to slip line the existing sewer line from the Old Powerhouse to Lift Station #3. Construction Administration and Inspecting will be performed in-house for this project.

ALTERNATIVES: This breach is a potentially serious environmental hazard that could affect Unalaska Bay, causing damage to marine life and the safety of residents as well as subjecting the City to fines from ADEC and/or EPA. Staff knows of no other viable alternative to funding these vital repairs to the collection system.

FINANCIAL IMPLICATIONS: The proposed revised budget is set forth below. Construction Administration will be performed in-house. Construction cost is based upon a quote from Northern Alaska Contractors, LLC which was provided at the time the emergency repairs were conducted.

Delta Way Emergency Sewer Line Repairs	Description	Original Budget	Expensed & Encumbered	Available Budget	This Request	Revised Budget
5211-9848-4913	WW18A Transfer from Proprietary Fund	\$ (415,000)				
5212-6053-5324	WW18A Engineering & Architectural	\$ 10,000	\$ (10,000)	\$ -		\$ -
5212-6053-5430	WW18A Repair & Maintenance Services	\$ 36,000	\$ (36,000)	\$ -		\$ -
5212-6053-5450	WW18A Construction Services	\$ 369,000	\$ (350,000)	\$ 19,000	\$ 392,400	\$ 430,400
		\$ 415,000	\$ (396,000)	\$ 19,000	\$ 392,400	\$ 430,400

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends approval of this Ordinance.

PROPOSED MOTION: "I move to approve Ordinance 2018-03".

CITY MANAGER COMMENTS: This budget amendment funds necessary and time sensitive sewer repairs. Additional funding will be noted in any future CMMPs with the project description and details will be updated accordingly.

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Dan Winters, Director Department of Public Utilities
Through: Erin Reinders, Interim City Manager
Date: February 27, 2018
Re: Ordinance 2018-03 –Budget Amendment to Reimburse the Solid Waste Operations Budget for Bagged Net & Line Recycling Expense of \$232,000

SUMMARY: This Budget Amendment request will reimburse the Operating Budget of the Solid Waste Division of the Department of Public Utilities for their expenditure of \$232,000 to pay for the Bagged Net & Line Recycling Project. The reimbursement will come from the Retained Earnings of the Solid Waste Proprietary Fund.

PREVIOUS COUNCIL ACTION:

- Council funded the operating budget for FY18 via Ordinance 2017-07, adopted May 24, 2017.
- Council awarded the Bagged Net & Line Recycling Project contract to RL Moore Metal Recycling via Resolution 2017-67, adopted on December 12, 2017.

BACKGROUND: Because the Landfill accumulates bagged nets and line at the rate of about 250 tons per year, Staff let a Request for Quotes for the removal and off-island shipment of these items. Council awarded the work through Resolution 2017-67. The \$232,000 Purchase Order was funded from the Solid Waste Division's Operating Budget.

DISCUSSION: The removal of nets from the Landfill during the week of January 22nd was paid for by the Solid Waste operating budget; through this ordinance, Staff requests the reimbursement of \$232,000 to the Solid Waste operating budget line item 5302-4752-54210. This budget amendment request is a housekeeping item.

ALTERNATIVES: If the funding is not replaced in the Solid Waste Division's Operating budget, a different budget amendment will need to be requested. The Solid Waste operating budget cannot withstand an expenditure of this magnitude and continue to operate.

FINANCIAL IMPLICATIONS: This budget amendment will transfer \$232,000 from the retained earnings of the Solid Waste Proprietary Fund into the Solid Waste line item of the Operating Budget of the Solid Waste Utility.

G/L Code	Description	Original Appropriation	Current Budget	This Request	Revised Budget
5302-4752-54210	Solid Waste	\$65,000	\$(196,049)	\$232,000	\$35,951

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends approval of Ordinance 2018-03.

PROPOSED MOTION: "I move to approve Ordinance 2018-03".

CITY MANAGER COMMENTS:

The contract for this project has already been signed, as authorized by City Council. This budget amendment then serves as a housekeeping item.

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Thomas Cohenour, Director of Public Works
Through: Erin Reinders, Interim City Manager
Date: February 27, 2018
Re: Ordinance 2018-03 – Budget Amendment #04 (Landfill Cells 3 & 4 Partial Closure Project)

SUMMARY: This budget amendment, if approved, will move \$346,000 from the Solid Waste Fund to the Landfill Cells 3&4 Partial Closure Project.

PREVIOUS COUNCIL ACTION:

- Council adopted Resolution 2017-24 on April 25, 2017 which approved this project in the amount of \$1,000,000 via the FY2018 CMMP
- Council adopted Ordinance 2017-07 on May 24, 2017 which funded the FY18 Operating and Capital Budget which in turn funded this project via the Unrestricted Net Assets of the Solid Waste Proprietary Fund.

BACKGROUND: The City's ongoing Landfill Development Project has, over the past decade, caused the construction of 3 new lined cells at the Landfill as well as the Leachate Management System and the re-alignment of Summer Bay Road around the Landfill. The next step in the Development Plan is the Partial Closure of Cells 3 & 4.

Staff worked with Bristol Engineering Services Corporation to develop the bid ready documents for this project which was advertised for 30 days. Bids were due on February 13, 2018 and a single bid, from Northern Alaska Contractors, LLC, the company that has constructed most of the Landfill's cells and moved the Road, was received. That bid was slightly over the amount of funding available for the project but was \$14,350 under the Engineer's Estimate.

Engineer's Estimate.....	\$1,045,350.
Northern Alaska Contractors bid.....	\$1,031,000.

DISCUSSION: A portion of Landfill Cells 3&4 are full and ready for their exterior closure cover. Installing this cover will keep the landfill in compliance by stopping rain water from entering the cells. Water entering the cells and seeping thru the baled garbage is called leachate and is collected via a network of pipes at the bottom of the cells. The collected water is then pumped into the large white leachate holding tank at the Leachate Facility at the Landfill. From there, leachate is pumped to the Wastewater Treatment Plant (WWTP) for treatment before being discharged into the ocean.

Minimizing the amount of leachate is critical, not only for regulatory compliance, but also for holding down operational costs at the WWTP and Landfill. Installation of the partial cover will, upon completion, reduce present leachate flows by approximately 15% and keep it out of the WWTP system. After this Partial Closure Project is complete, rainfall and snowmelt landing on top of the cover will run off like typical storm water into drainage ditches.

ALTERNATIVES:

1. Not Fund: Council could choose not to not fund this project. However, there are regulatory requirements as well as operational benefits for completing this work.
2. Rebid: Council could choose to rebid this work. However, the single bid received was well below the engineer's estimate so is deemed a fair price for the work. Rebidding this work will likely result in higher priced bid(s).
3. Postpone: Council could choose to postpone this work. However, this work is part of a long range plan that has been in place since 2007 and approved by regulatory agencies. Monies are set aside each year from the Solid Waste Fund for the specific purpose of partial closure and full closure.

FINANCIAL IMPLICATIONS: The proposed revised budget for the project is set forth below. A transfer of \$346,000 from the Solid Waste Proprietary Fund's Unrestricted Net Assets into the following line items of the project is requested.

Engineering and Architectural:\$106,179.
 The engineering firm of record, Bristol Engineering, will provide construction engineering and administration. Regan Engineering will provide construction management and inspection.

Construction Services:\$88,050.
 Northern Alaska Contractors bid was \$1,031,000 which was over the amount allocated to construction.

Contingency\$151,771.
 To cover unforeseen circumstances throughout the project.
 Funds will only be used for approved changes.

MUNIS PROJECT SW18B - CELLS 3&4 PARTIAL CLOSURE					
Description	FY18 Budget	Spent or Allocated	Available Budget	This Request	Revised Available Budget
Engineering / Arch	\$ 54,000.00	\$ 53,610.00	\$ 390.00	\$ 106,179.00	\$ 106,569.00
Construction Services	\$ 942,950.00		\$ 942,950.00	\$ 88,050.00	\$ 1,031,000.00
Telephone / Fax / TV	\$ 200.00		\$ 200.00		\$ 200.00
Advertising	\$ 450.00	\$ 438.26	\$ 11.74		\$ 11.74
Contingency				\$ 151,771.00	\$ 151,771.00
Permit Fees	\$ 2,400.00		\$ 2,400.00		\$ 2,400.00
	<u>\$ 1,000,000.00</u>	<u>\$ 54,048.26</u>	<u>\$ 945,951.74</u>	<u>\$ 346,000.00</u>	<u>\$ 1,291,951.74</u>

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends fully funding this budget amendment.

PROPOSED MOTION: I move to approve Ordinance 2018-03.

CITY MANAGER COMMENTS:

This budget amendment is required to fund a project that is a regulatory requirement.

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Tom Cohenour, Director, Department of Public Works
Through: Erin Reinders, Acting City Manager
Date: February 27, 2018
Re: Ordinance 2018-03 - Budget Amendment #04
UMC Security Fence Project

SUMMARY: This budget amendment request, if approved, will move \$110,360 from the contingency line item of the UMC Positions 3&4 Replacement Project into the UMC Security Fence Project. Bids were received on February 20, 2018, however, the low bid exceeded available funding. Therefore, additional funding is requested to cover the shortfall.

PREVIOUS COUNCIL ACTION: Council has taken the following action specific to the UMC Security Fence project:

- On December 27, 2016, via Ordinance 2016-18, Council approved the reallocation of \$325,000 from the Department of Public Safety's State Homeland Security Grant to the UMC Security Fence project account.
- On December 28, 2017, via Resolution 2017-68, Council authorized the City Manager to amend Turnagain Marine's contract for the UMC Positions 3&4 Replacement Project to include post holes for the UMC Security Fence Project in an amount not to exceed \$194,660.

BACKGROUND: The lack of security fencing has been identified during annual port security drills as an area that was vulnerable and needed upgrading. The UMC facility is used to tie up both foreign and domestic cargo vessels, cruise ships, bulk fuel carriers, United States Coast Guard, and State of Alaska enforcement vessels. Physical security of the facility is required to create a controlled access point allowing law enforcement to better screen personnel for potential terrorists, acts of vandalism, and theft. The scope of this project is to install commercial grade security fencing around the UMC facility which constitutes a series of 7 dock positions spanning 2200+ feet.

DPS applied for, and received, a State Homeland Security Grant for \$325,000.

Staff contracted with PND Engineers in the amount of \$17,500 to prepare bid ready documents for the construction of this project. Funding came from the UMC Position 3&4 Replacement project. The project was advertised for over 30 days and bids were due February 20, 2018. We received two bids for the work and Turnagain Marine was found to be the lowest responsive and responsible bidder.

We received a very fair bid from Turnagain Marine as shown by comparing it to the Engineer's Estimate and the other bid received on February 20, 2018:

1. Northern Alaska Contractors \$575,060.
2. Engineer's Estimate \$533,777.
3. Turnagain Marine \$367,360.

This request for \$110,360 will be allocated to Construction Services and Contingency.

MUNIS PROJECT PH17B - UMC SECURITY FENCING					
Description	FY18 Budget	Spent or Allocated	Available Budget	This Request	Revised Available Budget
Engineering / Arch	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00
Survey Services	\$ 1,000.00	\$ -	\$ 1,000.00	\$ -	\$ 1,000.00
Const Services	\$ 312,000.00	\$ -	\$ 312,000.00	\$ 55,360.00	\$ 367,360.00
Advertising	\$ 500.00	\$ -	\$ 500.00	\$ -	\$ 500.00
Contingency	\$ -	\$ -	\$ -	\$ 55,000.00	\$ 55,000.00
Interest Expense	\$ 1,500.00	\$ -	\$ 1,500.00	\$ -	\$ 1,500.00
	\$ 325,000.00	\$ -	\$ 325,000.00	\$ 110,360.00	\$ 435,360.00

In efforts to budget conservatively but realistically and being mindful of the fact that Council has already voiced some concern regarding the cost of this particular project, Staff has outlined a budgeted contingency at 15% of the contractors bid amount for construction services. Earlier on in the planning stages of projects, using 20% or more is common. Staff is hopeful given the scope and lower level of complexity with this project that this lower contingency will be adequate. It is promising that we are able to fund this budget amendment from the remaining contingency line item of the UMC Positions 3&4 Replacement Project, a project headed up by the same contractor.

DISCUSSION: The grant has a deadline of 9-30-18 to expend funds. With the UMC Security Fence project being impacted by the UMC Positions 3&4 project, Turnagain Marine, as contractor on both projects, will stage construction of both projects in order to complete the fence work by the grant deadline.

Turnagain Marine has already been contracted to perform the security fence post hole work as a separate contract via Resolution 2017-68. Therefore, as the single contractor on the work site, they will be able to seamlessly coordinate the work.

ALTERNATIVES:

1. Not Fund: Council could choose not to fund this request. However, not funding the completion of the security fence leave all 7 dock positions unsecured and vulnerable to potential terrorists, acts of vandalism, and theft.

2. Rebid: Council could direct staff to rebid the work. However, the low bid from Turnagain Marine was very fair since they are already on site. Future bids will almost certainly be much higher.
3. Postpone: Council could postpone the completion of the security fence. However, that course of action will likely lead to forfeiture of the \$325,000 grant because the work will not be able to be completed by the grant deadline.

FINANCIAL IMPLICATIONS: This budget amendment request will move funds from the UMC Positions 3&4 Replacement project Contingency line item which is adequately funded.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends fully funding this budget amendment request.

PROPOSED MOTION: I move to approve Ordinance 2018-03.

CITY MANAGER COMMENTS: The budget amendment utilizes unused funds from contingency line item of the UMC Positions 3&4 Replacement Project to supplement the grant funded UMC Security Fencing Project. The fencing significantly improves security at the International Port of Dutch Harbor.

As previously presented to Council, the UMC Security Fencing Project is a time sensitive project due to the grant agreement. Postponing or rebidding this project is an option if council determines that the project is too costly. However, project costs and bids rarely go down as time moves forward. Additionally, postponing the project would result in returning the grant funding, which would likely make it more challenging to be awarded these grants in the future.