

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2024-10

CREATING BUDGET AMENDMENT #8 TO THE FISCAL YEAR 2024 BUDGET, APPROPRIATING \$1,192,406 FROM THE 1% SALES TAX FUND FOR AN INCREASE TO THE CAPTAINS BAY ROAD WATERLINE EXTENSION PROJECT (WA22D).

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

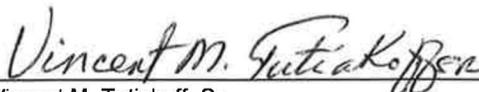
Section 1. Classification: This is a non-code ordinance.
Section 2. Effective Date: This ordinance becomes effective upon adoption.
Section 3. Content: The City of Unalaska FY24 Budget is amended as follows:

- 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 No. 8 to Ordinance 2023-03

	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
I. OPERATING BUDGETS			
A. 1% Sales Tax Fund			
Sources:			
Appropriated Fund Balance	\$ 4,700,000	\$ 1,192,406	\$ 5,892,406
Uses:			
Transfer to Proprietary Capital Projects	\$ 4,700,000	\$ 1,192,406	\$ 5,892,406
II. CAPITAL BUDGETS			
A. Public Utilities - Project Budgets			
Captains Bay Rd Waterline Extension			
Sources:			
Transfers from 1% Sales Tax Fund	\$ 4,700,000	\$ 1,192,406	\$ 5,892,406
Uses:			
Captains Bay Rd Waterline Ext Project	\$ 5,898,646	\$ 1,192,406	\$ 7,091,052

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on June 25, 2024.


Vincent M. Tutiakoff, Sr.
Mayor

Attest:


Estkarlen P. Magdaong
City Clerk



MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Scott Brown, Public Works Director
Through: William Homka, City Manager
Date: June 5, 2024
Re: Ordinance 2024-10: Creating Budget Amendment #8 to the Fiscal Year 2024 Budget, appropriating \$1,192,406 from the 1% Sales Tax Fund for an increase to the Captains Bay Road Waterline Extension Project (WA22D)

SUMMARY:

This budget amendment allocates an additional \$1,192,406 from the 1% Special Revenue Fund to the Captain's Bay Road Waterline Extension Project. This increase will cover the costs of constructing Phase 1, bringing the total project cost to \$6,687,606.

PREVIOUS COUNCIL ACTION:

- Ordinance 22-06, creating budget amendment #4 recognizing ARPA grant revenue and increasing the Water Capital Project Budget by \$800,000 for the NPF Waterline Project.
- Ordinance 22-22, accepting \$386,400 from the Denali Commission and increasing the Water Fund Transfers to the Capital Projects by \$12,246 for matching funds and increasing the Captains Bay Road Waterline Project by \$398,400
- Resolution 22-55, authorizing the City Manager to enter into an Agreement with Regan Engineering for the design of the Captains Bay Road Waterline Extension Project in the amount of \$398,646
- Resolution 23-16, adopting the FY24-FY33 Capital and Major Maintenance Plan
- Resolution 24-06, identifying the City of Unalaska's State Priorities for FY25. Captains Bay Road – Waterline Extension is the #1 priority
- Ordinance 24-06, creating budget amendment #6 for FY24 to increase the Water Capital Project Budget by \$4,700,000 from the 1% Special Revenue fund to construct Phase 1 of the Captain's Bay Road Waterline Extension Project

BACKGROUND:

Discussions about improving Captains Bay Road began more than a decade ago, but the project gained momentum in the FY19 Capital & Major Maintenance Plan (CMMP). Various versions of the plan were developed for evaluation and consideration in subsequent CMMPs. Shortly thereafter, a private company purchased the former quarry property at the end of Captains Bay Road and, on June 14, 2023, that company submitted a formal written request for utility services.

The waterline extension will provide water to all properties along the roadway. Currently, a customer on Captains Bay Road uses a private lateral line that runs up to Pyramid Road, where it connects to the public line. This lateral cross private property and has been leaking significant amounts of treated water because part of the line was constructed in the 1940s and is still made of wooden staves. This private line will be abandoned once the new waterline project is completed.

The City of Unalaska has two storage tanks located in Unalaska Valley/Lear Road and another in Pyramid Valley. The City supplies water to a customer on Captains Bay Road, which relies solely on the Pyramid Valley tank. This service is only feasible when the tank is filled to more than 70% of its capacity, which is approximately 26 feet out of 38 feet. When the tank level drops below 26 feet, which occurs infrequently, the water service is disrupted. This affects up to 50-60 residents living in the company's bunkhouse, as well as the offices and customers using the dock for offloading and resupply. With the existing system configuration, the City cannot provide service to this customer from the wells or the Unalaska Valley/Lear Road due to hydraulic limitations. This can be problematic during peak demand seasons, especially if an extended shutdown period is expected due to water quality issues or fluctuating demand. Shutdowns occur when turbidity in the reservoir exceeds the Pyramid Water Treatment Plant's (PWTP) operating parameters. Since the PWTP operates as a Filtration Avoidance System and is not required to filter its process water, storms can cause turbidity to rise beyond permitted limits, shutting down treatment.

Additionally, to mitigate prolonged outages, maintenance has been limited to basic measures, primarily due to the ongoing challenge of fully decommissioning the existing Pyramid Valley tank. Basic inspections have been periodically carried out throughout the tank's operational lifespan, with minor repairs undertaken in 2013. Furthermore, the Icy Creek Reservoir has absorbed a substantial volume of runoff and sediment, further diminishing the City's raw water supply.

Extending the Captains Bay waterline would allow the City to:

1. Fully decommission its surface water source for maintenance.
2. Increase clear water storage by 1.5 – 2.0 million gallons.
3. Supply users on Captains Bay Road with clear water from any water sources, including well #1, well #2, or both storage tanks in Pyramid Valley or Unalaska Valley.

The water division's ability to access all of its clear water reserves during these situations is vital to operations.

DISCUSSION:

This amendment will allocate an additional \$1,192,406 to the Water Capital Projects Budget to complete Phase 1 of the Captain's Bay Waterline Extension Project.

On May 30, 2024, we opened the bids for Phase 1 of the Captain's Bay Waterline Extension Project. The City received only one bid, that is from Aleutian General LLC for \$5,508,439. Currently, we have \$4,700,000 budgeted. We are requesting an additional \$1,192,406, bringing the total project cost to \$6,687,606.

After working with our consultant and evaluating our options, we concluded that delaying this project would likely result in no cost savings and acutely would have cost increases. Splitting the

project into smaller phases would incur multiple mobilization and demobilization costs, along with potential price increases. Reducing the project scope would undermine our long-term paving goals, as the utilities need to be in place for future paving opportunities. This could also complicate future grant opportunities, as we wouldn't have a shovel-ready project. For example, the recent Community Transportation Program (CTP) grant we will receive for paving from Airport Beach Road to just past Westward Seafoods was possible because we had all the utilities in place and were shovel-ready. Completing this project will leave only the sewer line to be finished, for which we have applied for a grant from the Denali Commission for design and is expected to be announced in mid-June 2024.

Undertaking this project will help alleviate and improve the following:

1. Will get the city and private users of the leaking wood stave improving our services and increase clear water by 1.5 – 2.0 million gallons in Pyramid Valley CT tank
2. Improve needed maintenance to the existing CT tank and reservoir.
3. Allow access to additional water reserves needed in the event of a major fire or other emergency.
4. Enable the City to service all areas in the Unalaska and Amaknak islands.
5. Reduce the likelihood and risk of water shortages during processing seasons, which are associated with a higher risk of contamination from backflow and/or back-siphonage.

Council has designated the Captains Bay Road Paving and Utility Improvements project as the number one funding priority. The Captains Bay Road Waterline Extension project will improve the City's operations and maintenance, and prepare the utility for future development.

ALTERNATIVES:

1. Approve Ordinance 2024-10: Creating Budget Amendment #8 to the Fiscal Year 2024 Budget, appropriating \$1,192,406 from the 1% Sales Tax Fund for an increase to the Captains Bay Road Waterline Extension Project (WA22D)
2. Reduce the scope of the project.
3. Chose not to award the Bid.
4. Cancel the project.

FINANCIAL IMPLICATIONS:

Reduces the 1% fund by \$1,192,406 and increases the Captains Bay Road Waterline Extension Project (WA22D) by \$1,192,406. The present balance of the 1% Sales Tax Fund is \$10,585,204.38.

LEGAL: None

STAFF RECOMMENDATION:

Approve Ordinance 2024-10: Creating Budget Amendment #8 to the Fiscal Year 2024 Budget, appropriating \$1,192,406 from the 1% Sales Tax Fund for an increase to the Captains Bay Road Waterline Extension Project (WA22D)

PROPOSED MOTION:

First reading: I move to introduce Ordinance 2024-10 and schedule it for public hearing and second reading on June 25, 2024.

Second reading: I move to adopt Ordinance 2024-10.

CITY MANAGER COMMENTS: I support the staff recommendation.

ATTACHMENTS:

- Balance Sheet showing \$10,585,204.38 in Equity in Central Treasury (Cash) in the 1% Sales Tax Fund.

City of Unalaska
Summary of Budget Amendment and Schedule of Proposed Accounts
FY24 Budget Amendment 8

- 1) 1% Sales Tax Fund
 - Add \$1,192,406 to Appropriated Fund Balance
 - Add \$1,192,406 to Transfers to Proprietary Capital Projects for CBR Waterline Extension Project

- 2) Water Fund Capital Projects Budget
 - Add \$4,700,000 to Transfers from 1% Sales Tax Fund
 - Add \$4,700,000 to CBR Waterline Extension budget

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
1) <u>1% Sales Tax Fund - Operating Budget</u>						
Sources:						
Appropriated Fund Balance	11029954	49900		\$ 4,700,000	\$ 1,192,406	\$ 5,892,406
Uses:						
Transfer to Proprietary Capital Projects	11029954	59940		\$ 4,700,000	\$ 1,192,406	\$ 5,892,406
2) <u>Water Fund - Capital Project Budgets</u>						
CBR Waterline Extension						
Sources:						
Transfers from Special Rev Fund	51119848	49110	WA22D	\$ 4,700,000	\$ 1,192,406	\$ 5,892,406
Uses:						
Construction Svcs	51125553	54500	WA22D	\$ 3,500,000	\$ 964,865	\$ 4,464,865
Contingency	51125553	55912	WA22D	\$ 600,000	\$ 227,541	\$ 827,541