
MEMORANDUM

TO: STEVE GIESBRECHT, BOROUGH MANAGER
FROM: KARL HAGERMAN, UTILITY DIRECTOR *KH*
SUBJECT: SCOW BAY PUMP STATION 1 – FY20 SUPPLEMENTAL BUDGET REQUEST
DATE: 10/15/2019
CC: DEBBIE THOMPSON, BOROUGH CLERK
JODY TOW, FINANCE DIRECTOR
FILE

The supplemental budget item for the Scow Bay Pump Station 1 project requires more detailed information in support of the increase to the project budget.

The approved loan amount from ADEC for the Scow Bay Pump Station 1 project was not enough to support all portions of this work. It was believed to be sufficient at the time of application, but as the project has developed and actual costs and bids have become known, there is a sizable shortfall in project revenues and a construction award cannot be made until the fund can support the project costs. The project fund must have an adequate balance available prior to awarding the work, a provision mandated by municipal code.

As was the case with the recent Kisenno Street Sewer project award, the wastewater department is seeking approval through the supplemental budget to transfer funds from the wastewater fund reserve to the Scow Bay project fund in order to allow award of the project. Below is a breakdown of the project funding and required additional funds needed to complete the work.

Revenues

ADEC loan 685271 amount	\$550,000	Approved Loan
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Expenses

Permitting, advertising, easements	\$ 4,714	Estimated total costs
Plans, Specifications, CA/CI	\$128,585	Actual Contract amount
Pumps, Controls and Power upgrades	\$108,846	Actual Costs
Lowest, responsive construction bid	\$445,600	Received Bid
Contingency 12.5% of construction	<u>\$ 56,950</u>	<u>Estimate for unknowns</u>
Total Project Cost	\$744,695	

Additional funding required	<u>\$194,695</u>
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The one main difference in this project from the Kisenno Street project is that the department is planning to submit a loan increase application to ADEC so that all costs will be covered by the loan, and the supplemental dollar amount can be returned to the wastewater fund after loan approval. The Assembly would need to approve that loan increase when the paperwork is complete with ADEC, but by increasing the loan the costs of the project will be spread out over a 20-year period which eases the burden on the ratepayers in the long run.

I recommend the approval of the supplemental budget item that will transfer \$194,695 to Fund 737, the Scow Bay Pump Station 1 Upgrades project.

Please let me know if there are any questions. Thank you for your consideration.