



August 12, 2014

Memorandum

To: Steve Giesbrecht, Borough Manager
CC: Karl Hagerman, Public Works Director
Mayor and Members of the Petersburg Borough Assembly
From: Chris Cotta, Assistant Public Works Director
Re: Reimbursable Services Agreement (RSA) for the Haugen Drive Collection System Improvements

As you know, the Alaska Department of Transportation (DOT) is currently finalizing plans for improvements to Haugen Drive. Planned improvements include resurfacing a significant portion of the road as well as sidewalk upgrades and additions, and a possible bike path extension. It is DOT's intention to bid this project out in 2014, with construction to begin later this year or perhaps spring 2015.

Concurrent with the surface improvements, Public Works would like to incorporate some upgrades to the wastewater system underneath Haugen Drive in order to minimize the chance that DOT's improvements will be damaged by sub-surface utility failures, or have to be torn up to correct such failures. During a recent inspection of the wastewater system underneath Haugen, it was discovered that most of it is in good shape, although there are some items in need of improvement. Several manholes need rehabilitation, two manholes need to be replaced entirely, and there are also a few asbestos-cement (AC) sewer lines that need to be replaced in conjunction with the manhole work.

As with the upcoming Nordic Drive sewer improvements, it is advantageous for the Borough to partner with DOT to accomplish the work and avoid problems of contractor scheduling, traffic control and the cost of road repairs that might otherwise be significant. With these things in mind, Public Works has been working with DOT to develop a Reimbursable Services Agreement (RSA) for the needed wastewater improvements (proposed RSA attached) on Haugen Drive. This agreement outlines each party's responsibilities and establishes the necessary financial relationship between the two parties.

Due to time constraints, the attached RSA does not include the cost for replacement of the AC sewer lines, which is estimated to add \$25,000 to the project. Also it should be emphasized that the costs listed on this version of the RSA are truly estimates and will likely change once the bids for the project come in. That being said, Public Works is pleased that the estimated cost, including the AC sewer work, is still far under the initial cost projection of \$600,000 for the Haugen Drive sewer system upgrades. This

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is the figure that was used in the capital plan that was incorporated into the 2012 utility rate study (copy of capital plan attached).

In order for DOT to proceed with the bid process for the Haugen Drive and Bike Path Improvements project (including the Borough's proposed wastewater improvements), the RSA needs to be approved by the Petersburg Borough Assembly. Once the agreement has been approved, DOT's bid process can move forward. After bids are received, the amount of the RSA may need adjustment to reflect prices of the winning bidder. If it turns out that the bids come in over what has been estimated, the Assembly will be presented with a modified RSA reflecting actual bid amounts.

Funding for this work was not budgeted in FY15, as it was expected until recently that DOT would not be constructing the Haugen Drive project until late 2015 or early 2016. However, their schedule has shifted and they are now intending to construct the Haugen and South Nordic projects together, probably as two phases of a consolidated project. This strategy change will likely save both projects time and money, but it also means that construction on Haugen could bid out this summer or fall instead of late next year. Even though the Haugen sewer improvements are not in the Borough's FY15 budget, the amount could be taken from the Wastewater Dept's reserves, which are approximately \$1M. Public Works has also applied for 70% grant funding from ADEC.

Given that: 1) the Haugen Drive sewer improvements project is already on the wastewater utility's capital improvement plan; 2) we can afford to construct the project through means of reserves and possibly a DEC grant; and 3) we won't get a better opportunity to make these repairs for many years; it is recommended to move forward with approval of the RSA agreement, allowing \$25,000 additional for the AC sewer work. Please review the attached RSA and companion documents. If you agree with the recommendation to move forward with the RSA agreement plus AC line replacement, for a total of \$153,338, please present this request to the Borough Assembly for consideration at their next regular meeting on August 18, 2014. I will be present at the meeting to answer any questions that you or the Assembly may have. Thank you.

Attachments: Proposed Reimbursable Services Agreement
Public Works Enterprise Fund Capital Improvements Plan 2012