TO:	Dillingham City Council
FROM:	Jack A. Savo Jr., Acting City Manager
DATE:	April 17, 2026
RE:	Staff Recommendation — Resolution No. 2026-13: Approval of Change Order No. 1 to the RESPEC Airport Waterline Extension Contract
SUBJECT:	Airport Waterline Extension Project — Change Order No. 1 ($103,611.20); Revised Phase 1 Total: $998,997.30

STAFF RECOMMENDATION: Approve Resolution No. 2026-13, authorizing Change Order No. 1 to the RESPEC professional services agreement for the Airport Waterline Extension Project.

EXECUTIVE SUMMARY

The City of Dillingham is taking a critical step toward resolving one of the most serious public health crises in our community's recent history. PFAS contamination—originating from decades of firefighting foam use at the Dillingham Municipal Airport—has rendered private groundwater wells unsafe for dozens of families living in the airport vicinity. The Airport Waterline Extension Project is the City's primary remedial action: a municipal water main connecting the existing distribution system to the airport and surrounding properties, eliminating reliance on contaminated private wells and delivering safe, treated drinking water to affected residents.

The City awarded Phase 1 engineering services to RESPEC Company, LLC in November 2025 following a competitive RFP process. RESPEC completed the Design Analysis Report (DAR) in February 2026. That report—the product of the engineering work the Council funded—has now given us something we did not have before: a factual, engineered understanding of exactly what this system must include to function. The DAR concluded that the project requires a new water storage tank and pump house to achieve adequate pressure and flow to the airport area, and that the proposed alignment must cross Kanakanak Road in a location requiring additional subsurface investigation.

Change Order No. 1 funds the additional geotechnical borings, PFAS soil sampling, agency coordination, and foundation engineering necessary to complete Phase 1 in light of those findings. At $103,611.20, the change order increases the Phase 1 total to $998,997.30—still comfortably within the $1,400,000.00 design appropriation this Council authorized through Resolution No. 2024-47.

Staff recommends approval.

THE PFAS CRISIS DEMANDS ACTION

Per- and polyfluoroalkyl substances (PFAS) are a class of synthetic chemicals that do not break down in the environment or in the human body. They have been linked to kidney and testicular cancers, thyroid disease, immune dysfunction, elevated cholesterol, and adverse developmental effects in children. There is no safe level of PFAS exposure recognized by federal health authorities, and the U.S. Environmental Protection Agency has established enforceable maximum contaminant levels of 4 parts per trillion for the most common PFAS compounds—a standard many wells in the airport vicinity exceed.

PFAS contamination in Dillingham is directly attributable to the use of aqueous film-forming foam (AFFF) at the Dillingham Municipal Airport over many years. That foam infiltrated the soil and

groundwater beneath and around the airport, and has migrated into private wells serving residential properties along the airport corridor. Affected families have been living with this contamination. Some have received bottled water or point-of-use treatment systems as interim measures. None of those are permanent solutions.

Extending the municipal water system to these properties is the only durable fix. It is the solution the Alaska Department of Environmental Conservation (ADEC) has identified as appropriate, the solution the Alaska Drinking Water Fund was accessed to support, and the solution this Council committed to when it authorized the design funding. Change Order No. 1 keeps that commitment on track.

Key Fact	PFAS contamination at the airport has been confirmed to exceed ADEC drinking water action levels in private wells serving affected residents. Municipal water service is the only permanent remedy.

WHY CHANGE ORDER NO. 1 IS NECESSARY

Resolution 2025-38 specifically recognized that "significant project unknowns remain" and that Phase 1 was the appropriate vehicle for resolving those unknowns through engineering analysis. That is exactly what happened. RESPEC's Design Analysis Report did its job—it identified what the system actually needs—and what it found requires additional investigation before 35% design can be responsibly completed.

Two specific discoveries drove Change Order No. 1:

- The system requires a new water storage tank and pump house. Without adequate storage volume and pump pressure, the extended water main cannot reliably serve the airport area at the flow rates required for both domestic use and fire protection. The DAR identified a tentative site for this infrastructure. Before design can proceed, RESPEC and subconsultant Shannon & Wilson must conduct a 100-foot geotechnical boring at that site and collect PFAS soil samples to confirm its suitability.
- The waterline alignment must cross Kanakanak Road. This crossing introduces subsurface conditions not captured in the original investigation scope. Two additional 30-foot borings are required to evaluate soil conditions, groundwater, and potential contamination at the crossing location—information essential to selecting the correct installation method and designing the crossing to ADEC and ADOT standards.

These are not scope additions born of poor planning. They are the expected and appropriate result of an engineering process that moves from unknowns to knowns. The Council structured Phase 1 precisely to allow this kind of iterative discovery.

FINANCIAL ANALYSIS

The table below summarizes the contract financial position before and after Change Order No. 1:

	Amount
Original Phase 1 Contract (Resolution 2025-38)	$895,386.10
Change Order No. 1 — Shannon & Wilson subcontract	$94,192.00
Change Order No. 1 — Subconsultant markup (10%)	$9,419.20
Change Order No. 1 Total	**$103,611.20**
Revised Phase 1 Total	**$998,997.30**
Council-Authorized Design Appropriation (Res. 2024-47)	$1,400,000.00
Remaining Design Appropriation After CO1	$401,002.70

No additional appropriation is required. The revised Phase 1 total represents 71.4% of the authorized design budget, leaving $401,002.70 in reserve to support subsequent design phases (65%, 95%, and Issued for Construction documents) which will each require separate Council authorization consistent with Resolution 2025-38.

LONG-TERM BENEFITS: MORE THAN A PFAS REMEDY

While the immediate driver of this project is PFAS remediation, the infrastructure being designed will deliver lasting benefits to the community that extend well beyond the affected properties. The Council should consider this investment in full context:

Approximately 100 New Service Connections

The extended water main has the capacity to serve approximately 100 additional connections in the airport corridor and adjacent areas. Each connection represents a household or business that gains access to treated, monitored municipal water—increasing system revenue, distributing fixed costs across a larger customer base, and strengthening the long-term financial sustainability of Dillingham's water utility.

Platform for Future Expansion

The airport waterline extension is designed as a backbone infrastructure investment, not a dead-end stub. The main can serve as the foundation for future extensions into additional subdivisions and developing areas of the community. Rather than requiring entirely new infrastructure for future growth, the City will have a distribution main already in the ground from which future connections and lateral extensions can be made at a fraction of the cost of new standalone systems.

Fire Protection Infrastructure

Perhaps the most immediate public safety benefit beyond drinking water is fire protection. The airport corridor and adjacent residential properties currently lack adequate fire hydrant coverage. The new water main—combined with the storage tank and pump house that Change Order No. 1 helps design—will support the installation of fire hydrants along the extended alignment. This is life-safety infrastructure that the Dillingham Volunteer Fire Department has long identified as a need in this part of the community. The capacity of the system is being designed to accommodate fire flow requirements, not just domestic demand.

Airport Operations and Economic Development

Reliable water service to the Dillingham Municipal Airport supports airport operations and positions the facility for future development. Water infrastructure is a prerequisite for expanded terminal services, hangars, fueling facilities, and the commercial activity that flows through a regional hub airport serving Bristol Bay's commercial fishing economy. Investing in this infrastructure now reduces barriers to airport-area development for decades to come.

Bottom Line	This project remediates a federal-level public health crisis, brings 100 new customers onto the water system, lays backbone infrastructure for future growth, and puts fire hydrants in an area that currently has none — all within an already-authorized budget.

UPDATED SCHEDULE

With Change Order No. 1 approved, RESPEC and Shannon & Wilson will mobilize promptly for the additional field investigation. The updated Phase 1 schedule is:

Milestone	Target Date
Change Order No. 1 Approved	April 17, 2026
Additional Geotechnical Field Work (S&W)	Spring/Summer 2026
35% Schematic Design Documents Complete	August 21, 2026
Council Briefing on Phase 1 Results	Upon Completion
Phase 2 (65% Design) — Separate Council Action Required	TBD

The original Phase 1 schedule was extended as a direct result of the Design Analysis Report's findings—findings that are actionable and within the City's control to address. Approval of Change Order No. 1 at the April 17 meeting allows field work to proceed during appropriate seasonal conditions for subsurface investigation in Dillingham.

RISK OF INACTION

The Council should weigh the consequences of delay or denial:

- Failure to approve Change Order No. 1 halts Phase 1 design. RESPEC cannot complete the 35% schematic design without the foundation engineering data and Kanakanak Road crossing information that the change order funds. A stalled Phase 1 means no Phase 2, no construction, and no connection of PFAS-affected residents to safe water.
- Delay risks Alaska Drinking Water Fund compliance. ADWF-funded projects carry obligations for timely progress. Unexplained delays can jeopardize loan terms or eligibility for future funding tranches.
- Families remain on contaminated water longer. Every month of delay is another month that affected residents rely on wells that exceed PFAS action levels. The City has a moral and legal obligation to act with urgency.
- Infrastructure costs increase with time. Construction cost inflation in rural Alaska is persistent and significant. The faster Phase 1 is completed, the sooner the City can move to competitive bidding before material and labor costs escalate further.

CONCLUSION

Change Order No. 1 is not a surprise or a sign of project difficulty. It is the anticipated result of a well-structured engineering process discovering facts on the ground and responding appropriately. The Council authorized this project knowing that Phase 1 would resolve unknowns. It has. The answer is that this system needs a water tank and pump house, needs to cross Kanakanak Road, and needs the geotechnical and environmental data to do both correctly.

For $103,611.20—within an already-authorized budget—the City maintains its commitment to safe drinking water for PFAS-affected families, builds infrastructure that will serve the community for generations, and keeps the Airport Waterline Extension Project on the path to completion.

Staff respectfully and strongly recommends approval of Resolution No. 2026-13.

Jack A. Savo Jr.
City Manager, City of Dillingham

04/09/2026
Date

Attachments: Resolution No. 2026-13; Change Order No. 1 (RESPEC, March 2026); Resolution No. 2025-38; Resolution No. 2024-47