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DATE: March 6, 2023

TO: Wade Bryson, Chair
Public Works and Facilities Committee

THROUGH: Katie Koester, Director Engineering and Public Works

FROM: John Bohan, Chief Engineer

SUBJECT: Funds Transfer to Outer Drive and West Juneau Lift Station Improvements CIP

Staff requests the transfer of \$2.2 million to the Outer Drive and West Juneau Lift Station Improvements CIP, U76-122 from the JDTP New Vactor Dump CIP, U76-112.

Wastewater Utility determined the Outer Drive and West Juneau Lift Station Improvements to be their highest and immediate priority to fund due to pumping limitations, increasing maintenance needs, and difficulty in procuring replacement and repair parts for the historic 1970's vintage sewage lift stations. The Vactor Dump project is scheduled for construction after the Outer Drive and West Juneau Lift Station project. This transfer will delay the bidding for the construction of the Vactor Dump project until additional funding is secured to replace the transferred funds.

Construction bids for Outer Drive and West Juneau were opened on February 23, 2023. There were two bidders on the project. The low bid is just over \$5.98 million, which is \$2.1 million over the engineer's estimate of \$3.88 million. Including the requested transfer, the total project costs are \$7.68 million. Cost escalations, material supply chain and freight issues, and major increases and uncertainty in delivery times for mechanical, electrical and process components are major factors in the high bid prices. In addition, the complexity and risk involved with reconstructing the critical sewage pumping stations while keeping them operating the entire time has likely been a factor.

Unfortunately, this is a continuation of the ongoing trend of severe construction cost escalations that continues to plague the CBJ directly, as well as the construction bidding climate nationwide.

Action Requested

Staff requests the \$2.2 million be transferred to the Outer Drive & West Juneau Lift Station Improvements CIP (U76-122) from the JDTP New Vactor Dump CIP (U76-112). We request this transfer be forwarded to the full Assembly for approval.