
MEMORANDUM

TO: STEVE GIESBRECHT, BOROUGH MANAGER
FROM: KARL HAGERMAN, UTILITY DIRECTOR *KAH*
SUBJECT: SUBDIVISION ESTIMATION UPDATE AND REQUEST FOR ADDITIONAL SERVICES
DATE: 9/13/2022
CC: JODY TOW, FINANCE DIRECTOR
DEBRA THOMPSON, CLERK
PROJECT FILE

In response to the current housing crisis in Petersburg, you approved of the hiring of PND Engineers of Juneau to complete cost estimates of subdivision development for three different areas: an expansion of the Airport subdivision, an extension of Fram Street and the development of Ramona Street and Augusta Street in the Hungry Point area. The report detailing those estimates is attached to this memo.

In all cases, the engineers applied the current Borough standards for street and utility construction. This standard is to “core out” all muskeg to hardpan soils and to build 28’ wide streets and utility foundations with compacted shot rock. The need to excavate muskeg at considerable depths pushes costs quite high. A breakdown of the overall costs per subdivision and the resultant cost per lot is presented below.

Subdivision	Total cost	Number of Lots	Cost per Lot
Airport Subdivision	\$3,112,278	25	\$124,491
Fram Street	\$2,107,814	10	\$210,781
Hungry Point	\$4,431,290	15	\$295,419

These costs do not include costs for upgrades to wastewater pump station upgrades at the Airport subdivision or Hungry Point, but they do include a small pump station at Fram Street to serve the lots between 10th and 11th Street. The Airport subdivision pump station and the pump station at Hungry Point already exist and it is conceivable that the upgrades to these stations would be considered as separate wastewater department projects.

As directed, I have requested a cost for PND to revise the cost of the Fram and Hungry Point subdivisions using a lesser construction standard. This standard would only provide cored out foundation for water and sewer mains, would reduce the finished road width to 24’ and would “float” all parts of the road that surround the buried utilities. These subdivisions were chosen for this re-work in estimation due to the fact that they have utility work that is already needed and partially funded. The engineer has provided a cost proposal of \$4,000 for this evaluation, but it is anticipated that considerable cost savings will be seen in the construction estimates. The downside of this approach is that many roads in Petersburg were built using a standard that “floats” the rock on muskeg and these roads require substantially more maintenance than roads that are supported down to hardpan soils by compacted shot rock. However, it will be valuable information to see what initial cost savings can be expected by lessening construction standards.

Additionally, per your direction I have requested PND to estimate four additional areas for subdivision development. They are the East Sandy Beach Subdivision (Frederick Point Road out to City Creek), the Tidelands Subdivision (mobile home zoned lots east of Lumber street), Lake Street (from Galveston Street to Sandy Beach Road) and 8th Street (a short extension from Excel Street to the north to open up two large multi-family lots). PND has responded that the estimation services for these four prospects could be done for **\$16,000**.

To date, the Borough has spent \$10,700 for estimation services for Airport, Fram and Hungry Point developments. The cost to re-work the Fram and Hungry Point developments using the lesser construction standard is \$4,000. Let me know if you'd like to move forward with this effort.

At this time, and in consideration of the work already done and the high costs of proceeding with a single subdivision project, are you in favor of moving forward with additional subdivision estimates for the next four prospects? Perhaps this is a decision for the Assembly? In any case, I stand ready to engage PND Engineers as directed.

Thank you for your consideration.