

Agenda Statement



Meeting Date: October 27, 2025
To: City Council
Through: Jackie C. Wilde, City Manager
From: Kristin Erchinger, Finance Director
Agenda Item: Accepting ADEC 100% Loan Subsidy for Water Well Replacement Project

BACKGROUND, JUSTIFICATION, & INTENT:

The City of Whittier’s water distribution system exceeds 80 years of age and has reached the end of life. The City has been pursuing funding to replace the water distribution system for more than ten years and has performed a water modeling assessment, drilled two exploratory wells, assessed the condition of infrastructure and capital assets, and considered alternatives to address the system’s deterioration. Existing well casings located within existing well houses are undersized to accommodate new higher capacity well pumps. The deteriorated condition of existing infrastructure and the need to increase capacity of the community’s water supply to address increased demand, necessitates replacing existing wells, installing new pumps, modernizing controls, and replacing existing piping, valves and various capital assets.

The City received a federal CDS grant for \$1,230,000 prior to COVID, expecting that would be sufficient to fund the project. However, multiple bids and significant cost escalations bring the 2026 total project cost estimate to \$5,310,000, as determined by a third-party engineer’s cost estimate. The State ADEC SFY26 ADWF Project Priority List identifies \$3.5 million in 100% loan subsidy to contribute to the Whittier Well Replacement Project, representing the highest ranking project on that priority list. This leaves additional project funding needed of at least \$580,000 which is expected to come from a commitment from USDA to cover any remaining shortfall. In addition, to avoid catastrophic failure of the City’s drinking water system, the City is committed to provide further funding if there is a funding shortfall, to complete the project.

CONSISTENCY CHECKLIST:

	Yes	No	N/A
1. Legislative Priorities; RES 2024-36 Fed; RES 2024-37 State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Comprehensive Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Whittier Code	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Other – 2025/2026 <i>Capital Improvement Plan, p.30</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FISCAL NOTE: This Resolution will authorize \$3.5 million in State ADEC funding as contribution to the replacement of the City’s water well system.

ATTORNEY REVIEW: Yes No Not Applicable

RECOMMENDATION: Approve Resolution 2025-037 authorizing the application and acceptance of \$3.5 million in 100% loan subsidy from the State of Alaska ADEC for the Water Well System Replacement.