



**Summary statement:** This action memorandum authorizes a funding arrangement to pay for improvements under the Sherrod Area Water and Street Improvements, Phase 3 project that will initially use currently budgeted funds that will be replaced by a subsequent budget amendment resolution.

The Sherrod Area Water and Street Improvement, Phase 3, is now out to bid. The bid award is scheduled for the April 28, 2015, Council meeting. The project will replace old steel water mains on E. and W. Auklet Ave., N. Gulkana St. and E. Caribou Avenue. Most of the project funding is from an Alaska Department of Environmental Conservation grant and loan, but these funds cannot be used for improvements unrelated to water main replacement.

Work under this project not related to water main replacement includes extending the storm water collection system 600 feet north on N. Gulkana St., installing one new street light, and replacing sidewalks in areas affected by these improvements. The estimated cost of these improvements is \$340,000. The storm water system improvements are needed to solve drainage issues in this area and it is most cost effective to build these improvements now when the street is under construction for the water system improvements.

The City will use the remaining balance of \$140,000 in State Grant No. 14-DC-126 to pay a portion of this cost, leaving the City with the need to identify \$200,000 in other appropriated funding prior to the Sherrod Phase 3 bid award at the April 28, 2015, Council meeting.

That other funding is listed on page one of this action memorandum. These budget line items will initially pay storm water, streetlight and sidewalk improvement costs.

The second piece of this funding arrangement involves a budget amendment that, when the 2014 audit is complete, will amend the budget to appropriate \$200,000 from the General Fund balance to the Sherrod Phase 3 project. This will restore any money spent from the four line items listed on page one and will pay for storm water, streetlight and sidewalk costs not paid by State Grant No. 14-DC-126. This will require City Council approval of a budget amendment resolution tentatively scheduled for June of this year.

**Administration recommendation:** Approve Action Memorandum 15-045.