

CITY OF EGEGIK

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19 August, 2003

Paul McIntosh, Airport Grant Coordinator
Denali Commission
510 "L" Street, Suite 410
Anchorage, Alaska, 99501

Project No. 0017-DC-2000-E1A
Egegik Airport Improvements Construction
Project

Dear Mr. McIntosh:

The City of Egegik is submitting this narrative documentation as its Close-Out Report Narrative for Grant Project No. 0017-DC-2000-E1A: the Egegik Airport Improvements Construction Project.

Background:

The purpose of the total Egegik Airport Improvements-Extension Project was to meet the City of Egegik's unmet economic development need (which became obvious shortly after the City was incorporated in April, 1995) of not having a primary Airport runway whereby larger turbine engine aircraft could transport fresh, fresh-frozen and value-added sockeye salmon, plus other seafood products harvested in the Egegik Commercial Fishery District, directly to Anchorage and Seattle for further distribution both to North Pacific Rim Countries and to the Lower 48 domestic market. The Egegik Airport Construction Project was planned to resolve this issue by extending the then existing 3,000' x 75' (maximum B-1 aircraft accommodation) primary runway to 5,600' x 100,' in order to accommodate larger turbine engine B-III cargo aircraft such as the Douglas DC-6 and D-IV Lockheed Hercules aircraft. A north-south cross-strip runway of 1,500' x 75' also was planned for construction, in order to meet medivac and other emergency safety needs. In late July, 1997, the DOT-FAA-Airports Division agreed to meet this major economic development need: first by approving the conveyance of the Airport from the ADOT&PF to the City; and second, by agreeing to fund the requested Airport runway extension through Airport Improvement Program (AIP) A/E Design and Construction grants -- contingent on the City contributing a \$400,000 Sponsor Match to the Project. The immediate purpose of the City seeking Denali Commission funds for this overall Project, was to assist the City in its need to meet this \$400,000, Project Sponsor Match commitment to the DOT-FAA, of which sum, the City already had paid an amount of \$10,937.50 in the A/E Design grant, leaving a \$389,062.50 amount committed to the Construction grant.

Activities:

The original, total Project Budget was set at \$5,690,600, with the AIP Project amount being budgeted at \$5,477,333.33 plus the Special Sponsor Match contribution of \$213,266.67. The DOT-FAA-AIP grant (93.75% of \$5,477,333.34) award was an amount of \$5,135,000. The Joint Venture Team of Southwest Alaska Contractors, Inc. and BC Contractors, Inc. signed the Prime Construction Contract on 4/13/01; likewise the Project Engineer and Construction Administrator/Inspector, R&M Consultants, Inc. Actual Airport construction began in earnest on approximately 7/1/01, with on-site construction being completed on 7/28/03. Round-the-clock construction shifts worked into late October of the first year; with double shifts for much of the second year's construction. This necessitated increasing the budgeted hours of the Construction Administrator/Inspector. The two year period of construction allowed the first year's sub-surface construction of the primary Runway 12/30, particularly gravel construction in a critical area of the runway extension, adequately to settle during spring break-up of April-early May, 2002; thereby enabling final construction of that area to be completed, without significant problems, in the early construction season of 2002.

Construction proceeded as planned, in accordance with the construction engineering drawings. The Airport primary Runway 12/30 was extended 3,600' to a length of 5,600' and widened from 75' 100'; while the 12/30 Runway safety area was constructed at 600' long and widened from 150' to 300.' The taxiway safety area width was increased from 79' to 118.' The new cross-strip runway 3/21 was constructed, as designed, at 1,500' x 75.' Relatively good weather assisted in the completion of the Project, particularly during the second year of construction. The great majority of the construction employees were Egegik residents and/or members of the Egegik Tribal Governing Body-Native Village of Egegik, who had been trained by Southwest Alaska Contractors, Inc., in excavation/gravel construction work through the course of a previous two-year, Egegik road construction project. Indeed, this available and experienced construction labor force, moved directly from the road project, completed in late June, 2001, to the July, 2001 Airport Project construction.

After the construction had begun, the DOT-FAA awarded to the City a separate, Non-AIP grant of \$121,710 for the construction/installation: a) of Airport Precision Approach Path Indicator (PAPI) lighting; and b) Runway End Identification (REIL) lighting. The Project scope of work was designed by the Project Engineer and constructed by the Joint Venture Prime Construction Contractor under the direction of the DOT-FAA Engineer/Program Manager. A small amount of the award was used for Automated Weather Observation System (AWOS) improvements. (It should be noted that the acknowledgement of federal funding sign that existed on the site until the end of July, 2002, was observed and witnessed by the DOT-FAA Project Manager of the PAPI-REIL grant.) Change Orders CCO-003, 004 and 010, as contained in Section 2.8.2 of R&M Consultants, Inc., Final Construction Report, entirely were paid from this separate PAPI-REIL grant; while CCO-A (\$20,000 for PAPI Pads construction) was paid from the regular AIP Project funding. No Denali Commission funds were used as a cash match for the PAPI-REIL grant work.

Cost Containment:

Although a cost containment report is not required in this Narrative, the City wants to state here that it regularly has submitted copies of approved, Quantities Unit Cost analysis-Pay Estimates to the Denali Commission-Airports Grants Manager, as these estimates, received as approved Prime Construction Contractor billings by the City, either have been paid and submitted to the DOT-FAA for AIP grant reimbursement or have been submitted to the DOT-FAA as attesting to the City's having paid its Special, non-reimbursable-Sponsor Match commitment to the Project. A copy of the final Quantities Unit Cost analysis, contained in Pay Estimate #23, was submitted to the Denali Commission on 6/13/03. A copy of the "Original Contract Quantities Versus Actual Quantities for Changed Items Only," is contained as Attachment B of the Final Construction Report that has been formulated and is being submitted by the Project Construction Administrator/Inspector to the Denali Commission's Airport Grants Administrator.

The original City cost estimate for the construction Project was approximately 6.1 to 6.3 million dollars. Final Project costs (always excluding the separate PAPI-REIL grant costs) including the final AIP Project Amendment costs of \$475,000, totaled \$6,173,701.22. Therefore, the final Project costs closely approximated the original estimate.

Project Outcomes:

The Project Outcomes have met the Project Unmet Needs. The 2003 Egegik Commercial Fishery District-sockeye salmon harvest was the worst on record; nevertheless, prior to the close of the Egegik commercial fishery season, the Woodbine Alaska Fish Company had transported more than 800,000 pounds of fish from the extended runway 12/30 by Northern Air Cargo DC-6 aircraft to Anchorage. Since that time, in excess of 200,000 pounds of silver salmon, caught primarily in Western Alaska but processed at Egegik, also have been transported by these same DC-6 aircraft to Anchorage. Accordingly, during the first summer since larger turbine engine aircraft have been able to land at the Egegik Airport, more than 1 million pounds of salmon have been transported from the Airport.

Concerning the Denali Commission Amended Grant Award of \$85,634 that is being distributed to the City on a cost reimbursable basis, this award considerably assisted the City's efforts in successfully making the final Project Amendment payments to Project Contractors, including all Sponsor Match payments that were owed to all Project contractors. Consequently, this award likewise has assisted the City to obtain, effective, 8/4/03, the last, signed, Release of Claims forms due from Project Contractors.

An unforeseen benefit has been that, with the extended runway, the City is in an advantageous position to participate more effectively in economic development activities that are expected to result both from on-shore and, perhaps, off-shore oil and natural gas explorations that are to be conducted in the upper Alaska Peninsula area.

Problems Encountered:

A major problem that was envisioned might occur, never did arise: this concerned whether there could be extracted at Egegik a sufficient amount of surface aggregate for the two runways. The envisioned problem was resolved when more than enough large aggregate that was necessary to meet construction needs for the runway surfaces, was extracted by the Joint Venture Prime Contractor from Becharof Village Corporation land near the Airport. Insofar as the B.C. Corporation, as a member of the Prime Contractor-Joint Venture Team, is a Disadvantaged Business Enterprises Firm and a subsidiary of the Becharof Corporation, the City was able to meet its DBE Overall Project Goal solely through race-neutral means, as a result of the Project surface aggregate extraction work performed and payments received by the BC Corporation.

A minor second problem also arose: erosion problems that occurred, especially in August-September, 2002, after on-site construction had been completed, that were occasioned by the dry weather, July, 2002, post-seeding problems. Following the Construction Administrator's inspection of the damage last autumn, it was decided to wait until June, 2003, in order to see if grass would begin growing in the Airport embankment, seeded areas that had manifested the erosion problems. As was hoped, by early June, 2003 the grass had grown, was holding sufficient drainage water and was preventing similar erosion areas from developing. During a 2-3 week period in June, 2003, the previously ascertained erosion areas were repaired, seeded and covered with jute matting. All erosion correction work costs were paid through the Joint Venture Prime Contractor's warranty insurance policy. An inspection was made on 7/1/03 approving the corrective work and, since that time, no further erosion problems have arisen.

The City had hoped to close-out the AIP Project in September, 2002, when DOT-FAA-AIP Fiscal Year 2002 funds were available for this purpose. Unfortunately, negotiations between the City -- represented by the Project Construction Administrator and, as required, by the Project Manager -- and the Prime Construction Contractor, regarding Change Order #12 (CCO-012) the final Unit-Quantities Adjustment (i.e., unit price quantities over-runs and under-runs adjustment, primarily in earthwork) extended from late September, 2002 through early March 2003, when a negotiated price of \$336,977.12 for CCO-012, was accepted by both parties. The Egegik City Council approved this Change-Order #12 -- as well as all Change Order amounts not previously approved by Council Resolution -- in the Council's final \$475,000 AIP Amendment request contained in Council Resolution 03-03, dated 3/13/03, to the DOT-FAA-AIP Project Manager. A copy of this Resolution has been submitted to the Denali Commission. This \$475,000 total Project Amendment request was approved by the DOT-FAA, of which the DOT-FAA-AIP share (93.75%) was \$445,312.50; as is noted in the DOT-FAA-AIP approved Close-Out document, dated 7/30/03, faxed earlier this month to the Denali Commission.

Conclusions and Recommendations:

A main conclusion derived from the Project is that it would have been extremely difficult for the City of Egegik to have met its Sponsor Match commitment to the DOT-FAA-Airports Division without grant assistance from the Denali Commission, the Bristol

Bay Economic Development Corporation and the Alaska DCED-Municipal Capital Project Matching Grant Program; with the Denali Commission providing the City the largest award of the three grantors. Although the City had committed \$389,062.50 as a Sponsor Match to the Egegik Airport Improvements Construction Project, the actual Sponsor Match amount contributed was \$407,378.30, with City's investment funds of \$236,017.22 providing the majority of these funds, and the balance awarded by the three, previously mentioned grantors.

Consequently, it was disappointing to view in the August, 2003, "Denali Commission Update," that only \$250,000 had been allocated by the Commission for the continuation of the Airport Assistance Program and for one final year. With the planned discontinuance of Denali Commission Program funds next year, combined with the discontinuance, already, this State fiscal year, of the Alaska DCED-Municipal Capital Project Matching Grant Program, it will be extremely difficult in future years for a small Second Class City -- or Tribal Governing Body -- in Rural Alaska to fulfill what Egegik has been able to accomplish; namely, to construct a municipal airport that can and will play a large role in effecting community economic survival and growth. Therefore, it is recommended that, if at all possible, the Denali Commission's Airport Assistance Program be continued and be funded at a level that would provide adequate Airport Assistance-Sponsor Match construction funds for the benefit of other Rural Alaska communities.

The City of Egegik regrets that photos were not taken of the construction sign that was present at the Egegik Airport, acknowledging that the Egegik Airport Improvements were being constructed with federal funds, including Denali Commission grant funds. As Designated Representative for the Airport Project, the author of this narrative takes responsibility for this grant close-out omission. In order, partially, to rectify the lack of photographic evidence of the sign acknowledgement, the City Council will pass a Resolution on 8/28/03, at its regular August City Council meeting, acknowledging the fact that the Egegik Airport Improvements Construction Project was constructed with federal funds, including the Denali Commission's \$85,634 Project Grant Award No. 0017-DC-2000-E1A, Amendment 2.

Attachments:

1. Acknowledgement of Support --

At the 8/28/03 Regular Egegik City Council Meeting, the City Council will pass a Resolution, to be submitted to your Office the following day, acknowledging the Denali Commission's \$85,634 grant contribution to the Egegik Airport Improvements Construction Project. This City acknowledgement of Federal Government-Denali Commission funding support of the Egegik Airport Improvements Construction Project, should suffice for meeting Acknowledgement of Support-Financial Assistance Award requirements of Grant Project No. 0017-DC-2000-E1A.

2. Photographs --

As previously was discussed by phone, I request that you deal directly with John Magee, P.E., Project Construction Administrator, R&M Consultants, Inc.,

regarding Project photographs he or his Staff took of Airport Construction accomplishments; which photos, in addition to those taken and submitted to your Office by the Project Manager, Wayne Boedecker, P.E., MBA Consulting Engineers, Inc., should meet the pertinent submittal of Photographs-Financial Assistance Award requirements of Grant Project No. 0017-DC-2000-E1A.

3. DOT-FAA-AIP Grant Closure Letter --

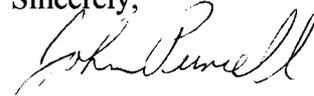
Attached is a copy of the 7/30/03, DOT-FAA-AIP Close-Out Letter for AIP No. 3-02-0422-0301: Egegik Airport Improvements Construction Project.

4. Final Construction Report--

Attached is the Final Construction Report, formulated by John Magee, P.E., Project Construction Administrator.

Kindly accept this letter/documentation as the City of Egegik's Close-Out Report Narrative for Project Grant Award No. 0017-DC-2000-EIA, Amendment 2.

Sincerely,



John Purcell

Designated Representative

cc. Richard E. Deigh, Mayor

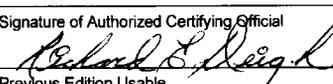
Wayne Boedecker, P.E., Project Manager
MBA Consulting Engineers, Inc.

John Magee, P.E., Project Construction Administrator
R&M Consultants, Inc.

Carol Chmiel Abalama, City Administrator

FINANCIAL STATUS REPORT
(Long Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted Denali Commission		2. Federal Grant or Other Identifying Number Assigned By Federal Agency 0017-DC-2000-EIA Amendment 2		OMB Approval No. 0348-0039	Page of 1 1 pages
3. Recipient Organization (Name and complete address, including ZIP code) City of Egegik P.O. Box 189, Egegik, Alaska, 99579					
4. Employer Identification Number 92-0154668		5. Recipient Account Number or Identifying Number DC-#4		6. Final Report <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
7. Basis <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual					
8. Funding/Grant Period (See instructions) From: (Month, Day, Year) 4/12/2001			9. Period Covered by this Report From: (Month, Day, Year) 8/15/2003		To: (Month, Day, Year) 7/13/2002
			To: (Month, Day, Year) 6/13/2003		
10. Transactions:				I Previously Reported	I This Period
				III Cumulative	
a. Total outlays				5,099,785.17	1,073,916.05
b. Refunds, rebates, etc.				0.00	0.00
c. Program income used in accordance with the deduction alternative				0.00	0.00
d. Net outlays (Line a, less the sum of lines b and c)				5,099,785.17	1,073,916.05
Recipient's share of net outlays, consisting of:					
e. Third party (in-kind) contributions				0.00	0.00
f. Other Federal awards authorized to be used to match this award				4,781,048.59	799,263.91
g. Program income used in accordance with the matching or cost sharing alternative				0.00	0.00
h. All other recipient outlays not shown on lines e, f or g				255,521.18	252,233.54
i. Total recipient share of net outlays (Sum of lines e, f, g and h)				5,036,569.77	1,051,497.45
j. Federal share of net outlays (line d less line i)				63,215.40	22,418.60
k. Total unliquidated obligations					0.00
l. Recipient's share of unliquidated obligations					0.00
m. Federal share of unliquidated obligations					0.00
n. Total Federal share (sum of lines j and m)					85,634.00
o. Total Federal funds authorized for this funding period					85,634.00
p. Unobligated balance of Federal funds (Line o minus line n)					0.00
Program income, consisting of:					
q. Disbursed program income shown on lines c and/or g above					0.00
r. Disbursed program income using the addition alternative					0.00
s. Undisbursed program income					0.00
t. Total program income realized (Sum of lines q, r and s)					0.00
11. Indirect Expense		a. Type of Rate (Place "X" in appropriate box) <input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed			
		b. Rate N/A	c. Base	d. Total Amount	e. Federal Share
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation. DOT-FAA-AIP Amended Grant was \$5,580,312.50 or 93.75% of \$5,952,333.34 total AIP Project costs. However, the DOT-FAA required an additional Special Sponsor Match of \$221,367.88, bringing total Project costs to \$6,173,701.22.					
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.					
Typed or Printed Name and Title Richard E. Deigh, Mayor				Telephone (Area code, number and extension) (907) 233-2400	
Signature of Authorized Certifying Official 				Date Report Submitted August 18, 2003	