**MEMORANDUM**

**TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY CITY AND BOROUGH OF WRANGELL**

**FROM: MS. CAROL RUSHMORE**

**ECONOMIC DEVELOPMENT DIRECTOR**

**SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) DATE: OCTOBER 5, 2018**

POTENTIAL PROJECTS FOR CONSIDERATION:

The public hearing on October 9, 2018 is to provide an opportunity for the community to comment on potential projects eligible for CDBG funding and specifically on staff recommended project(s). Solicitation for project ideas from the public have been posted via radio, Facebook, website and bulletin boards.

**1. Fire Truck Replacement: Estimated cost for a relatively new used pumper truck is**

**$315,000 to $450,000.** Wrangell's Firefighting fleet is reaching its useful lifespan and the department is working on vehicle replacements. The emergency safety response priority is for a new pumper. Wrangell's municipal water service terminates at 6 mile Zimovia Highway, leaving an additional 8 miles of structures dependent on a 33 year old pumper truck of the Wrangell Volunteer Fire Department. The current pumper truck, housed at 5.5 mile Zimovia Highway is beginning to show signs of repairs and equipment malfunction, only allows 500 GPM, and no longer qualifies under ISO as a pumper. It can only be considered and used as a support vehicle. It is imperative that we have functioning firefighting equipment, not only for the safety of the residents and businesses along Zimovia Highway without municipal water service, but also to protect the safety of the volunteer fire fighters responding to emergencies. The proposed new engine pumper will be a 4 wheel drive, 1000 gallon tank and 60 gallon AFFF holding tank, a 1500 GPM pump and CAFS capabilities. In conversations with CDBG officials, there is no actual restriction on whether the acquired vehicle is a “new” used vehicle or a brand new vehicle. For either, justification as to the condition, the type of vehicle and its components must be clearly delineated within the application. Match for a $450,000 vehicle would require a match of $112,500. There is currently $25,000 within the Fire Department Reserve fund but the additional match would need to be designated.

**2. Reservoir Bypass and Dam Deficiencies’ Improvements: Estimated cost of project $500,000 - $1,900,000.** The future Reservoir Bypass project provides for a direct water supply connection between the upper reservoir and the water treatment plant.  Although the CBW was awarded $600,000 by the State of Alaska for the Reservoir Bypass project, initial estimates for the various delivery alternatives proposed by Shannon & Wilson, (through their Task I Design Phase) range from $500,000 – $1,900,000.  Depending on which alternative is selected as the preferred option, additional funds may be required to continue pursuit of the project’s design and construction.  Additional funds could also provide for an opportunity to make repairs to certain dam deficiencies, both in the upper and lower dams.  Deficiencies have been identified in previous dam inspection reports, and we continue to receive encouragement from the State Dam Safety Office to pursue those corrections, since Wrangell has the second-highest hazard dams in the State.  The monetary match required for the CDBG grant is proposed to be the State of Alaska, DCCED, grant that we have for this Reservoir Bypass project.

**3. Mill Property Acquisition: Estimated cost - still in negotiations.** One of the borough’s top priorities is to improve and expand the marine service center. The boat yard has proven to be a bright spot in the community’s economic foundation. A property assessment and feasibility study of the former mill site was completed in June 2016. The recommendation of the analysis was that for the long term redevelopment perspective, it made sense for Wrangell to purchase the property. This year Wrangell was also designated an Opportunity Zone that could provide tax benefits for businesses investing in Wrangell. The purchase and redevelopment is not without challenges and additional costs – extending utility infrastructure and redeveloping the dock, providing multiple use and access to the waterfront being priority capital needs. While this is a future project with potential economic returns to the community, the CBW is still in negotiations and the actual details are not known for a CDBG application at this time. Match for purchase would come from the funds already designated for purchase. The CDBG may also be a good source as a Planning grant to develop the site once the acquisition is completed.

**4. Pool facility improvements: Estimated $1,700,000.** The Pool Facility Improvements project provides for the necessary upgrades to the existing Swimming Pool facility, which, built in 1985, is now 30 years old and showing signs of deterioration.  This facility is in need of fairly extensive repairs and renovations to major deficiencies addressed within architectural, structural, electrical, and mechanical building systems, as well as within specialized pool infrastructure and related components.  The pool is a large consumer of energy and would benefit greatly from efficiencies that modern mechanical upgrades could provide.  Because there would not be enough money to complete the entire project, it would need to be identified specifically what improvements will be addressed. To date, the necessary funds for the match have not been identified.

**5. Public Safety and Fire Department Building Rehabilitation (PSB rehab), specifically all areas affecting the Fire Department facilities. Total building rehabilitation project cost is $589,728, estimated cost associated with the Fire Department is $225,405 Estimated minimum match required is $147,432 (25% of total project costs).** External walls and windows of the PSB have needed replacing since a building assessment 13 years ago. Only a small portion (south wall of the building) of the identified work has been completed to date. Recently, after work crews found carpenter ants, mold, and wood rot as a result of addressing a visual leak, a structure building envelope assessment was completed by Jenson Yorba Lott in September 2017. Their summary is available in a separate report, but they found extensive dry rot, structural failures, leakages, sealants broken, and assembly roof components nonfunctioning. While the CDBG program cannot provide funding for court buildings or public safety buildings, they can fund Fire Department facilities and equipment. The cost estimate for the PSB rehab was broken down to identify those items specific to the Fire Department facility for the CDBG grant application.

Application was made for this project in 2017 and just barely missed the funding threshold. $490,000 has been budgeted for priority areas of the PSB in the FY2019 budget and the need remains. These funds could be used as match as long as the work being performed under the Grant project is for the Fire Department portion of the building only.

**6**. **Water Treatment Facility Construction: Estimated cost $10,000,000.** The rehabilitation of the Water Treatment Plant is the top priority of the community. The City and Borough of Wrangell (CBW) is pursuing the design and construction of a new DAF water treatment plant to increase water treatment capacity, improve the quality of drinking water and improve our production capacity to meet the community’s growing water demand, as potable water is essential to the health and safety of Wrangell’s residents, businesses and visitors and continued economic growth. Either the engineering design of the plant, or construction of the plant, but not both, is eligible for an application. The bulk of the project funding is coming from USDA Rural Development via a $3,821,000 loan and $3,161,000 grant. Any grant funding received from other sources reduces the Rural Development grant funds and must be spent first. The EDA grant application for the remaining $3,000,000 of project costs is being reviewed by their review committee on October 10. Should the Borough not be successful with the EDA grant request and we make application for CDBG, we would still be short $2,150,000 for the full project scope. The USDA Rural Development loan could be used as match for the CDBG grant.