



MEMORANDUM

DATE: November 22, 2022
TO: City and Borough of Juneau Assembly
FROM: Dave Scanlan, Eaglecrest General Manager
SUBJECT: Transfer of Funds for Gondola Shipping Overages

The transportation of the Eaglecrest Gondola from a remote Austrian village to the parking lot at Eaglecrest was a challenging job to bid and execute. The official quotes had exceeded original projections and additional funding was allocated. The freight was quoted at per truckload rates with the expectation of transloading in Seattle.

As loading began, it became clear that it would be safer for the machinery to travel all the way to Eaglecrest in the Global Shipping containers. We were made aware that this would force some detention fees on the Global containers, but we led to believe that the lack of transloading would offset the bulk of these fees. We were not able to anticipate the steep increase in fuel prices in the spring or the global port congestion that would impact this project. By the time all of the final fees were assessed and fuel surcharges applied, we were over budget by \$261,607.82.

We are requesting the authority to transfer funds that we have remaining in our FY23 Deferred Maintenance CIP account in the amount of \$221,000. These funds combined with the funds available from the initial Gondola funding ordinance will allow us to settle up payment with our freight vendor Lynden Transport and will allow our engineering design team to be paid for the work that has currently been completed on phase one of our engineering and design. Once the loan agreement with Goldbelt for the remaining costs associated with the project is effectuated, this account will be paid back and made whole again.

Due to the nature of shipping surcharges, this cost was always going to be volatile. We owe this amount and need to pay the vendor.

Recommendation: Move to introduce a transfer request to the Assembly from Eaglecrest Deferred Maintenance (\$221,000) to the Gondola Capital Improvement Project.