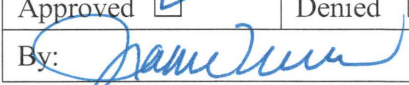


Date of Action: 7/10/17	
Approved <input checked="" type="checkbox"/>	Denied <input type="checkbox"/>
By: 	

**CITY COUNCIL ACTION MEMORANDUM**

**AM No. 17-23: Authorizing Annual Signal Crossing Inspections and Maintenance Services with the Alaska Railroad Corporation in the amount of \$60,000.**

Originator: Public Works Director  
 Date: June 28, 2017

Agenda of: July 10, 2017

Route to:	Department Head	Signature	Date
X	Public Works Director		6/28/17
X	Finance Director		6.28.17
X	Deputy Administrator		6/28/17
X	City Clerk		6/28/17

Reviewed by Mayor Bert L. Cottle:  6/29/2017

**Fiscal Impact:**  yes \$60,000      **Funds Available:**  yes

**Account name/number:** Roads Contractual Services/001-4320-432.40-91      \$35,000  
 ARRC Crossing Improvements/160-4320-432.45-73      \$25,000  
**Attachments:** ARRC August 8, 2016 Letter (3 pages)  
 CIP Detail Sheet (1 page)

**Summary Statement:** The Alaska Railroad Corporation provides signal maintenance services for City road crossings of the railroad in accordance with the City’s 2002 Crossing Permit No. 7588. This service is expected to exceed \$30,000 in fiscal year 2018 and City Council authorization is needed through an Action Memorandum. The ARRC historically invoiced these services on a monthly flat rate basis. The ARRC found that the flat rate fee was not covering actual cost for the services. In 2016, the ARRC noticed the City that it would begin invoicing based on actual costs and the City’s FY2018 budget is based on this, estimated at \$35,000. The follow are maintenance costs over the last 2 years:

FY2016	\$18,303	Actual
FY2017	\$28,599	Actual
FY2018	\$35,000	Budgeted

In addition to the costs listed above that are routine in nature, the city is responsible for the repair or upgrade of any major component of the signal crossings. The City has budget \$25,000 annually in its Capital Improvement Program for these occurrences. This Action Memorandum also includes authorization for this type of work.

**Staff Recommendation:** Adopt AM No. 17-23.

ALASKA  
RAILROAD

August 8, 2016

City of Wasilla  
290 E. Herning Avenue  
Wasilla, AK 99654-7091  
Attention: Archie Giddings

**Project Management**

**TEL 907.265.3095**

**FAX 907.265.2638**

RE: Invoicing for Signal Crossing Inspections and Maintenance  
City of Wasilla PO No. 20494: Permit No. 7588

Dear Mr. Giddings,

The Alaska Railroad Corporation ("ARRC") recently reviewed the actual costs it has incurred for signal crossing inspections and maintenance services related to the City of Wasilla's Blanket Permit No. 7588 for Road Crossings and Other Facilities ("the Permit"). That review indicated that ARRC's charges to the Borough for those services have not been recouping ARRC's costs. ARRC can no longer continue to subsidize these activities and therefore we must modify our billings to the Borough to ensure adequate cost recovery. Because we understand the adverse impact to the Borough of applying a retroactive adjustment, this change is prospective only. It is not ARRC's intention to go back and recover uncollected costs associated with signal crossing inspections and maintenance service from prior years.

The above-described situation has led ARRC to change the way it bills for signal crossing inspections and maintenance services. As of April 1, 2016, ARRC changed the billing format and timing for those activities for the following crossings:

ARRC MP 157.1 Sewer Plant – Jude Road Crossing  
ARRC MP 158.6 Glenwood Drive Crossing  
ARRC MP 161.2 Lucille Lane Crossing  
ARRC MP 162.6 South Clapp/South Mack Road Crossing

Since April 1, 2016, all services have been invoiced based on actual cost plus overhead per Section 6 of the Permit. Any expenses reasonably incurred by ARRC in connection with engineering, labor, material and other related activities and costs associated with the Permit are being computed using Federal Highway Administration (FHWA) approved procedures as audited on an annual basis by Alaska Department of Transportation and Public Facilities. All expenses incurred with respect to a crossing during a month will be invoiced on approximately the 15<sup>th</sup> of the following month.

If you have any questions please don't hesitate to contact me at (907) 265-3095 or at [lindamoodb@akrr.com](mailto:lindamoodb@akrr.com)

Sincerely,



Brian Lindamood  
Director of Project Management

CC: Lynda Stephens ARRC  
Clark Hopp ARRC  
Wendy Richerson ARRC  
Andrew Donovan ARRC  
Blake Adolfae ARRC  
Rachel Maddy ARRC  
ARRC Real Estate Permit File 7588  
Accounts Payable City of Wasilla

## Crossing Signal Maintenance Costs vs. Revenue 2013 - 2015

### City of Wasilla

Crossing Description	Cost Incurred (+OH)		
	2013	2014	2015
COW SIG MP157.1 Jude Rd/Sewer	2,619	7,395	5,712
COW SIG MP158.6 Glenwood	3,729	6,718	3,443
COW SIG MP161.2 Lucille Ln	3,535	4,533	7,251
COW SIG MP162.2 South Mack Dr	4,337	4,319	6,843
Totals	14,220	22,965	23,248

Costs include regular scheduled maintenance as well as call-out work.

Crossing Description	Amount Invoiced		
	2013	2014	2015
COW SIG MP157.1 Jude Rd/Sewer	3,612	3,192	3,192
COW SIG MP158.6 Glenwood	4,172	3,192	3,231
COW SIG MP161.2 Lucille Ln	4,172	3,492	3,306
COW SIG MP162.2 South Mack Dr	3,777	3,295	3,300
Totals	15,733	13,171	13,028

Invoices included \$266 per crossing per month as well as actual cost + overhead for call-out work

Crossing Description	ARRC Gain (Loss)		
	2013	2014	2015
COW SIG MP157.1 Jude Rd/Sewer	993	(4,203)	(2,520)
COW SIG MP158.6 Glenwood	443	(3,526)	(212)
COW SIG MP161.2 Lucille Ln	637	(1,041)	(3,945)
COW SIG MP162.2 South Mack Dr	(560)	(1,023)	(3,543)
Totals	1,512	(9,794)	(10,220)

City Of Wasilla  
Capital Improvement Project Detail  
Fiscal Year 2018  
Through Fiscal Year 2021

Project Title:

Project Number:   
(Assigned By Finance Department)

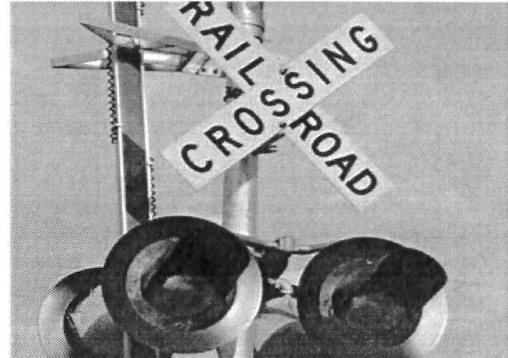
Project Description:

Department/Div.:

Ranking:   
(Assigned By Administration)

**Project Narrative:**

The City has five (5) road crossings of the Alaska Railroad that are allowed by permit with the railroad. The City is responsible for all costs to maintain the signals and equipment necessary for safe operations in accordance with the terms of the permit. Routine costs are estimated at \$7,000 per year per crossing. In addition to routine costs, there are major components that fail periodically that need immediate replacement or repair above and beyond what is budgeted for routine maintenance. This CIP Project is for funding mayor repairs at these road crossings.



**Impact on Operating Budget:**

\$35,000 annually for routine maintenance of signals for five (5) city road crossings that is performed by the Alaska Railroad. These crossings are at Jude Drive, Glenwood Avenue, Snider Subdivision, Hallea Lane and Clapp Road.

**Project Cost Summary**

**Expenditure Category:**

	Prior Budget	Project Expenditures To Date	Project Balance	Additions					Total CIP Cost
				Fiscal YR 2017	Fiscal YR 2018	Fiscal YR 2019	Fiscal YR 2020	Fiscal YR 2021	
Administration/OH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land	-	-	-	-	-	-	-	-	-
Design Services	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	25,000	25,000	25,000	25,000	100,000
Other Services	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 100,000</b>

**Funding Source Summary**

**Funding Sources:**

	Prior Budget	Project Revenue To Date	Project Balance	Additions					Total CIP Funding
				Fiscal YR 2017	Fiscal YR 2018	Fiscal YR 2019	Fiscal YR 2020	Fiscal YR 2021	
Local:									
Operating Transfers									
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 100,000
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 100,000</b>

**Cost Beyond 5-Year Program:**

Program: