

- VALDEZ NEW BOAT HARBOR

CONSTRUCTION UPDATE (Phase 1 Uplands Civil Work)

Harris Sand & Gravel (HS&G) installed high mast lights and street lights, backflow preventers with heated enclosures and heat trace system, boardwalks and handrails, sidewalks, curbs, ADA ramps, signs (except signs deferred with paving), performed general site cleanup and started demobilizing equipment and surplus materials. HS&G has finished most of their contract work, except paving and related items which the project team expects will be removed from the Phase 1 contract and performed in a future contract.

R&M Consultants (R&M), City (COV) and Arcadis representatives conducted the Substantial Completion inspection for Civil work on October 5th. Substantial Completion inspections for Structural and Electrical work will occur in November.

In addition to Phase 1 work, HS&G delivered rock to Western Marine Corporation (WMC) for construction of the breakwaters on the US Army Corps of Engineers (USACE) contract. This activity ceased in late October when WMC shut down construction operations for the season.

EMC provided general observations, primarily for installation of boardwalk and electrical work and Civil Punchlist items. EMC demobilized their laboratory and equipment from the site at the end of the month.

DESIGN

R&M has completed design on all project elements except the Drive Down Ramp and Floats (currently at 95%) and removal of the West Rock in the northwest mooring basin. The Ports & Harbor Commission and City Council held a joint work session on October

PROJECT ACHIEVEMENTS

- Finished pulling wire and installing equipment for site electrical
- Finished construction of boardwalk and picnic areas
- Finished Drive-Down Ramp and Float 95% Design
- Finished installing posts and signs (except for signs deferred with paving)
- Finished installing insulated enclosures for backflow preventers
- Finished installing and testing high mast lights and street lights
- Inspected Civil work for Substantial Completion
- Installed temporary poles to mark site utilities and curbs for snow
- CVEA finished installing transformers and energized part of the primary electrical service

17th to discuss procurement options for the remaining work. One option included a potential change order to the existing Phase I Uplands contract for removing the West Rock, which would potentially save cost due to access efficiencies associated with the current USACE dredging and breakwater project and shorten the overall construction duration by about eight months. On November 1st, based on COV Attorney review

OCTOBER 2016 PROJECT UPDATE (CONT.)

and Staff recommendation to the City Council, it was determined the risk of this change order option outweighed the benefit to the COV. The Council concurred with the Staff recommendation to combine the remaining project elements into a single bid package for Phase 2 of the project development. It is anticipated that the Ports and Harbor Commission and City Council meetings in November will determine what work elements will be included in Phase 2 and what will be deferred for evaluation in the COV's waterfront master planning effort. Pending COV approval, the project team will combine the Phase 2 elements into a single bid document with the goal of awarding the contract for Phase 2 work in late March 2017.

USACE NAVIGATION IMPROVEMENTS

The USACE is administering WMC's performance of the dredging and breakwater contract. WMC was granted a Temporary Land Use Permit from the COV to use the west portion of the Uplands site to stage rock and access the west breakwater, thereby expediting breakwater construction. WMC continued dredging the new harbor basin, hauling rock from Valdez Glacier Quarry, and transporting rock by barge and trucks for construction of the breakwaters until winter shutdown on October 21st. The East and West breakwaters were constructed to approximately elevation +4' and the South breakwater to +10'. Finish elevation of the breakwaters will be +19'. The COV is coordinating with WMC and USACE to widen the maneuvering channel and create more basin area at the west end.

FUTURE MILESTONES

- Inspect Structural and Electrical work for Substantial Completion
- Perform remedial work required by Substantial Completion Inspections
- Finish demobilizing for winter shutdown
- CVEA underground the primary power at the East Access
- Review and reconcile as-built quantities with Contract quantities
- Review Drive-Down Float 95% design documents
- Prepare Phase 2 design package and bid documents
- Issue Fuel Facility Request for Proposal
- April 1, 2017, WMC plans to resume dredging the new harbor basin, hauling rock from Valdez Glacier Quarry, and placing rock by barge and trucks for construction of the breakwaters

During November, discussions with WMC and USACE are anticipated to reach mutually acceptable conditions for allowing WMC continued use of the uplands for access and staging rock for breakwater construction. WMC performed a bathymetric survey after winter shutdown. The COV anticipates receiving the survey from USACE in late November. Breakwater construction and basin dredging are several months ahead of schedule. Although WMC has not formally committed, it appears possible the dredging might be finished by early Summer and the breakwaters constructed by early Fall 2017.

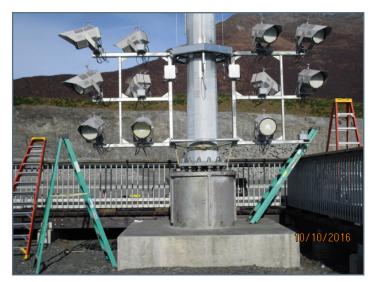
PROJECT TEAM

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Installing high mast light fixture array



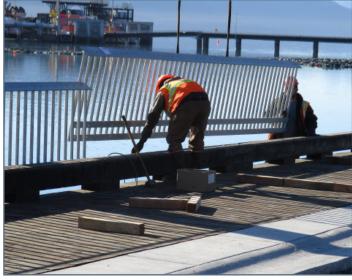
High mast light arrays with LED light fixtures



East Picnic area platform installation in process



New transition from existing boardwalk to sidewalk

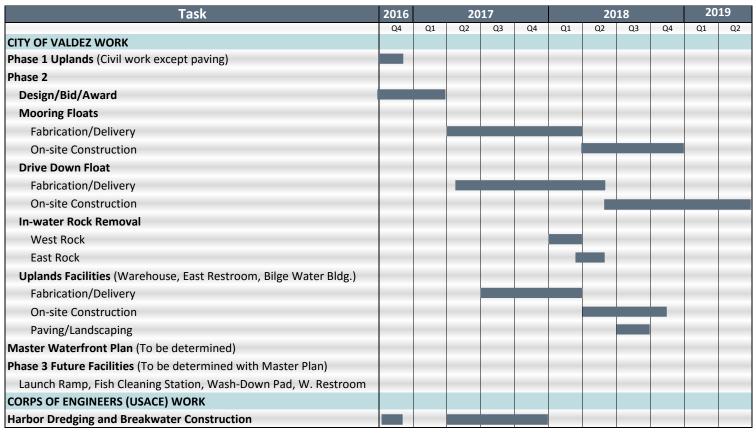


Placing guardrail for the boardwalk



Sign posts grouted in holes drilled in the sidewalk

INTERIM PROJECT SCHEDULE



Schedule and Scope depends on funding, COV Master Plan and USACE's completion of dredging and breakwater.

BUDGET SUMMARY

| Description | Original Budget | | Revised Budget | | Committed | | Spent as of 10/31/16 | % Spent | Estimate at Completion | |
|--|--------------------|----|-------------------|----|------------|----|----------------------------|---------|---------------------------|------------|
| DESIGN | \$ 2,451,971 | \$ | 2,507,679 | \$ | 2,472,004 | \$ | 2,126,716 | 85% | \$ | 2,507,679 |
| Design | \$ 1,851,971 | \$ | 1,991,075 | \$ | 1,991,075 | \$ | 1,806,358 | 91% | \$ | 1,991,075 |
| Design Team Services During Construction | \$ 600,000 | \$ | 516,604 | \$ | 480,929 | \$ | 320,357 | 62% | \$ | 516,604 |
| PROJECT MANAGEMENT | \$ 2,340,548 | \$ | 2,362,548 | \$ | 1,841,827 | \$ | 1,792,972 | 76% | \$ | 2,362,548 |
| Project Management | \$ 1,740,548 | \$ | 1,762,548 | \$ | 1,478,877 | \$ | 1,441,394 | 82% | \$ | 1,762,548 |
| Inspection/Testing | \$ 600,000 | \$ | 600,000 | \$ | 362,950 | \$ | 351,577 | 59% | \$ | 600,000 |
| USACE CONSTRUCTION - CITY PORTION | \$ 9,345,453 | \$ | 9,345,453 | \$ | 7,525,453 | \$ | 5,141,258 | 55% | \$ | 9,345,453 |
| Initial Basin | \$ 7,145,453 | \$ | 7,145,453 | \$ | 7,145,453 | \$ | 4,761,258 | 67% | \$ | 7,145,453 |
| Other Basin Modifications | \$ 2,200,000 | \$ | 2,200,000 | \$ | 380,000 | \$ | 380,000 | 17% | \$ | 2,200,000 |
| CITY CONSTRUCTION | \$ 39,023,904 | \$ | 40,197,546 | \$ | 19,979,416 | \$ | 18,718,422 | 47% | \$ | 41,335,359 |
| Phase 1 Uplands | \$ 19,013,040 | \$ | 19,600,103 | \$ | 19,600,103 | \$ | 18,502,646 | 94% | \$ | 19,600,103 |
| Phase 2 Base Floats /Ramps/Fish Cleaning | \$ 9,300,100 | \$ | 9,800,100 | \$ | - | \$ | - | 0% | \$ | 10,440,000 |
| Upland Facilities | \$ 4,046,643 | \$ | 4,046,643 | \$ | - | \$ | - | 0% | \$ | 4,116,277 |
| Drive Down Float | \$ 4,951,721 | \$ | 4,951,721 | \$ | - | \$ | - | 0% | \$ | 5,380,000 |
| Drive-Down Float In-water Modifications | \$ 1,342,500 | \$ | 1,342,500 | \$ | - | \$ | - | 0% | \$ | 1,342,500 |
| Hotel Hill Clearing - Alaska Land Clearing | \$ 40,000 | \$ | 40,000 | \$ | 40,000 | \$ | 40,000 | 100% | \$ | 40,000 |
| Hotel Hill Clearing - P&R Enterprises | \$ 24,900 | \$ | 24,900 | \$ | 24,900 | \$ | 24,900 | 100% | \$ | 24,900 |
| Electric Primary | \$ 225,000 | \$ | 311,579 | \$ | 311,579 | \$ | 150,875 | 48% | \$ | 311,579 |
| CCTV/Security/Head End Equipment | \$ 80,000 | \$ | 80,000 | \$ | 2,834 | \$ | - | 0% | \$ | 80,000 |
| ADMINISTRATION | \$ 60,000 | \$ | 60,000 | \$ | 45,055 | \$ | 46,174 | 77% | \$ | 60,000 |
| FFE | \$ 100,000 | \$ | 100,000 | \$ | - | \$ | - | 0% | \$ | 100,000 |
| CONTINGENCY (@ 15% original budget) | \$ 7,998,281 | \$ | 6,746,931 | | | | | 19% | \$ | 5,609,119 |
| TOTAL CITY FUNDED | \$ 61,320,158 | \$ | 61,320,158 | \$ | 31,863,755 | \$ | 27,825,541 | 45% | \$ | 61,320,158 |
| USACE FUNDED | \$ 21,277,761 | \$ | 21,277,761 | \$ | 21,277,761 | \$ | 14,816,679 | 70% | \$ | 21,277,761 |
| TOTAL CITY/USACE FUNDING | \$ 82,597,919 | \$ | 82,597,919 | \$ | 53,141,516 | \$ | 42,642,220 | 52% | \$ | 82,597,919 |

^{*}Data includes expenses from 5/22/14 which is the start of the Bond eligible costs authorized by COV Resolution 14-33. \$254,321.77 in R&M Expenses and other costs are not included. USACE expense data has been requested.