



# MEMORANDUM

---

**To:** Mayor and Members of the City Council

**From:** Reginald Goodson, Interim City Manager  
Deborah Malenfant, Executive Director, ECDI  
Jon Hawley, Grants Administrator

**Date:** February 21, 2025

**Re:** Consideration - Award of Construction Bid, Additional Engineering Services, Water Street Transformation Project

---

***BACKGROUND:***

As the Council is aware, the Water Street Transformation Project is a major, grant-funded streetscaping project for one of our key downtown corridors. City staff recently advertised for construction bids – twice – and on December 12, 2024, received a bid from AR Chesson. The bid exceeded our available grant funding by more than \$130,000, but City staff and our project’s engineering firm, Kimley-Horn, trimmed back the project to reduce this shortfall to \$80,000. We reported this shortfall to the City Council during the January 27<sup>th</sup> Regular Session, whereupon the Council authorized us to request additional funding from three downtown partners: Pasquotank County, Elizabeth City Downtown, Inc., and the Tourism Development Authority (d.b.a. “Visit EC”).

The County, ECDI, and TDA have agreed to our requests, and we wish to lock in AR Chesson’s current prices. This memo requests authorization to do so, as well as to approve an amendment to Kimley-Horn’s engineering agreement for construction-phase services.

***ANALYSIS:***

We are requesting the Council’s authorization to award the construction contract for the WSTP to AR Chesson in an amount not to exceed \$916,040. This will provide for sidewalk replacement and improvements on Water Street from Main Street to just north of Ehringhaus Street, and new streetlighting. We are also requesting authorization to execute a construction-phase engineering agreement with Kimley-Horn in an amount not to exceed \$135,385. The agreement is attached; it includes construction oversight and inspection, which are critical services. City staff already factored this agreement into our project budget when we reported to the Council on January 27<sup>th</sup>, and it represents no net increase in costs.

To close the estimated shortfall of \$80,000, City staff proposed requesting \$20,000 each from the City, County, Visit EC, and ECDI. The City and County's contributions would come from tourism revenues. Since the January 27<sup>th</sup> meeting, we have presented these requests to the leadership of each organization, and received their support.

Funding requests are pending; City staff recognize that, ideally, these requests would be approved before awarding a construction contract; however, we wish to secure a contract before the contractor (or their subcontractors) require price adjustments. Additionally, there is nationwide uncertainty about how new tariffs could impact material costs, and this adds urgency to locking in the current bid amount. We also anticipate that the additional funds will be secured well before our grants are expended.

Finally, City staff wish to note that our total request of \$80,000 in additional funding includes approximately \$17,000 in contingency funds. This is a small, reasonable amount for a project of this scope; any funds not used for construction or engineering expenses can assist with street amenities such as benches and trash receptacles. The staff motion recommended below factors this contingency into our proposed "total project costs."

***STAFF RECOMMENDATION:***

By motion: Award the Water Street Transformation Project to AR Chesson in a base contract amount not to exceed \$916,040; award a construction-phase engineering agreement to Kimley-Horn in a base contract amount of \$135,385; authorize total project costs of \$1,211,000; and approve and authorize any and all necessary signatures.