



MEMORANDUM

To: Mayor and Members of the City Council

From: Reginald Goodson, City Manager
Dwan Bell, Public Utilities Director
Carl Best, Development Services Director
Jon Hawley, Grants Administrator

Date: April 8, 2026

Re: Consideration - Request to Reappropriate Grant Funds to the Raw Water Reservoir Replacement

- ***This item appeared before the Finance Committee during the March 23, 2026 Work Session, at which time it was unanimously approved to move forward for full Council consideration.***

BACKGROUND:

(Note: Please see "UPDATE" under the Analysis section for key revision/addition from prior staff memo for the March 23, 2026 meeting.)

In late 2023, the General Assembly approved Session Law 2023-134, whose appropriations included \$9 million for the City of Elizabeth City to address critical water and sewer system projects. The NC Department of Environmental Quality is administering these funds. To date, the City has requested, and DEQ has approved, appropriating the funds to five different projects. They are:

- Raw Water Reservoir Replacement, \$3.3 million
- Pump Station Rehabilitations, \$2.43 million
- Sedimentation Basin Repair, \$2.12 million
- Dawson Canal & Outfall Restoration (supplement to Golden LEAF grants): \$764,000
- Bypass Pump Conversion: \$250,000

These projects combined total approximately \$8.87 million, the entirety of our SL2023-134 award after deducting DEQ's statutorily allowed administrative expenses.

All of these projects are critical to the City's water and wastewater infrastructure. However, Public Utilities consider the most critical project to be the Raw Water Reservoir

Replacement (RWR). The City's primary RWR has been inoperable for many years, and this greatly limits our ability to respond to a water emergency. If there were disruptions to the City's supply of well water, our small, secondary reservoir could only meet the City's water demands for a few hours.

On March 12, City staff opened bids for the RWR. Of three bids, the lowest bidder, Consensus Construction, of Myrtle Beach, SC, bid \$6,676,000. Deducting already expended/encumbered engineering costs, there is only \$3.08 million remaining in the RWR appropriation for this project. There is therefore a shortfall of approximately \$3.6 million. The bid is valid for only 60 days from opening.

ANALYSIS:

Our project engineer recommends award, and City staff are concerned the project will not get less expensive if we re-advertise. Therefore, in consultation with DEQ grant staff, we are proposing to transfer funds from other projects to close the gap. Thankfully, SL2023-134 funds allow this flexibility.

We are proposing to transfer the entire award for the Sedimentation Basin Repair, and approximately \$1.5 million of the Pump Station Rehabilitations, to the RWR to eliminate the shortfall. We are asking for the City Council's authorization to undertake this process.

The sedimentation basin and sewer pump stations still need significant repairs and improvements. However, as previously stated, the RWR is a more critical project. Additionally, Public Utilities can address sedimentation basin repairs and sewer pump stations incrementally. The RWR cannot be broken into phases.

Notably, City staff are also hopeful that the final cost of the new reservoir is significantly less than \$6.7 million. The current reservoir must be partially demolished, and then additional geotechnical investigation is needed directly under the reservoir. If the project's engineer and contractor confirm the soils' stability, the new reservoir will not need as much reinforcement as proposed in the contractors' bids, reducing labor and material costs. If such savings can be realized, City staff will propose redirecting those funds towards sewer pump station improvements, as the Council's Finance Committee requested during the Council's March 23, 2026, work session.

UPDATE: To facilitate the award of construction, City staff request the Council approve requesting re-appropriation of SL2023-134 funds as previously proposed, and tentatively award the RWR to Consensus Construction, contingent on state approval and sufficient project revenues.

STAFF RECOMMENDATION:

By motion: Authorize reappropriation of SL2023-134 funds to the Raw Water Reservoir Replacement as described herein, and authorize the Mayor and City staff to sign all

necessary documents; and adopt the attached resolution tentatively awarding the Raw Water Reservoir Replacement to Consensus Construction, in the amount of \$6,676,000.



RESOLUTION #2026-04-02
TENTATIVE AWARD
Raw Water Reservoir Replacement, SRP-D-134-0076

WHEREAS, the City of Elizabeth City, North Carolina, has received bids, pursuant to duly advertised notice, for construction of the Raw Water Reservoir Replacement, SRP-D-134-0076; and

WHEREAS, AECOM, the project's consulting engineering firm, has reviewed the bids; and

WHEREAS, Consensus Construction was the lowest bidder for the project, in the total bid amount of \$6,676,000; and

WHEREAS, AECOM recommends Tentative Award to the lowest bidder.

NOW, THEREFORE, BE IT RESOLVED, that the Tentative Award is made to Consensus Construction in the total bid amount of \$6,676,000.

BE IT FURTHER RESOLVED THAT such Tentative Award is contingent upon the approval of the NC Department of Environmental Quality, and the pending re-appropriation of available and sufficient grant revenues to the Raw Water Reservoir Replacement.

This Tentative Award was made upon the motion of [INSERT COUNCILOR NAME], seconded by [INSERT COUNCILOR NAME], and unanimously adopted.

This the 13th day of April, 2026.

E. Kirk Rivers,
Mayor

Attest:

April Onley, NCCMC
City Clerk

