



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

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Memorandum Supplemental Packet

TO: MAYOR CASTNER AND HOMER CITY COUNCIL
FROM: MELISSA JACOBSEN, MMC, CITY CLERK
DATE: JANUARY 10, 2022
SUBJECT: SUPPLEMENTAL PACKET REGULAR MEETING

CONSENT AGENDA

Ordinance 22-04, An Ordinance of the City Council of Homer, Alaska Amending the FY 2022 Capital Budget by Appropriating \$350,000 from the Homer Accelerated Roads and Trails (HART) Road Fund for the Purchase of a new Grader. City Manager/Public Works Director.

Ordinance 22-04(S), An Ordinance of the City Council of Homer, Alaska Amending the FY 2022 Capital Budget by Appropriating ~~\$350,000~~ **\$400,000** from the Homer Accelerated Roads and Trails (HART) Road Fund for the Purchase of a new Grader. City Manager/Public Works Director. Page 2

Memorandum 22-016 from Public Works Director as backup.

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1 CITY OF HOMER
2 HOMER, ALASKA

3 City Manager/
4 Public Works Director

5 ORDINANCE 22-04(S)
6

7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
8 AMENDING THE FY 2022 CAPITAL BUDGET BY APPROPRIATING
9 ~~\$350,000~~ **\$400,000** FROM THE HOMER ACCELERATED ROADS AND
10 TRAILS (HART) ROADS FUND FOR THE PURCHASE OF A NEW
11 GRADER.
12

13 WHEREAS, The City’s 1994 Champion Grader (E164) transmission recently failed leaving
14 the Public Works Department with only two graders for snow plowing; and
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16 WHEREAS, The Road Financial Plan calls for the purchase of a new grader in FY 24 and
17 another one in FY 25, however the procurement schedule for these graders needs to be
18 accelerated because it takes so long to get them; that is, according to industry, if the City
19 ordered a grader tomorrow, it could take over a year or more to arrive; and
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21 WHEREAS, The Homer Accelerated Roads and Trails Program (“HART”) Manual allows
22 HART funds to be used for equipment acquisition; and
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24 WHEREAS, The Ending Balance of the HART Road Fund is projected to be \$4,342,136 at
25 the end of FY 23; and
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27 WHEREAS, The last grader cost \$315,340 **but prices are going up daily due to lack of**
28 **supply and high demand and the current estimated price for a new grader is \$400,000.**
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30 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
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32 Section 1. The Homer City Council hereby amends the FY 2022 Capital Budget by
33 appropriating ~~\$350,000~~ **\$400,000** from the Homer Accelerated Road and Trails –Road Program
34 for the purchase of a new grader.
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<u>Account</u>	<u>Description</u>	<u>Amount</u>
xxx-xxxx	Purchase of new grader	\$350,000 \$400,000

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39 Section 2. This is a budget amendment ordinance only, is not permanent in nature, and
40 shall not be codified.
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42 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ___th day of _____, 2022.

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CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Reading:

Second Reading:

Effective Date:



City of Homer

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Public Works

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Memorandum 22-016

TO: Mayor Castner and Homer City Council
THROUGH: Rob Dumouchel, City Manager
FROM: Janette Keiser, Director of Public Works
DATE: December 29, 2021
SUBJECT: Grader Woes – Ordinance 22-04(S)

Issue: The purpose of this Memorandum is to recommend that the City Council authorize the acquisition of a new road grader.

Background

I. Situation

Public Works has three road graders, all of which are old and well-worn and heavily used for road maintenance in the summer and snow plowing in the winter. The transmission in our 1994 Champion Grader (E164) blew out two weeks ago, leaving us with only two graders, just as we were awaiting an active snow event to unfold. It takes 12-14 hours to clear the City's roads with three graders. With only two graders, we would be unable to maintain acceptable levels of service.

Short Term Repair Solution. We searched for a way to repair or replace the transmission on the 1994 Champion grader. At least two third-party specialized mechanic shops told us they would not try to repair the transmission, because it was obsolete; they would not be able to find parts for it. After an international search, we located a re-built transmission in Quebec, which would fit the Champion. Cost to procure the transmission and ship it to Homer is \$30,118. The unit will arrive in two-three weeks and it will take about a week to fit it into the grader. We were not able to get competitive bids for this procurement because there was no competition; no other sources of suitable transmissions are available.

Emergency Grader Rental. While we were working on a way to repair the 1994 Champion grader, we looked for a rental grader. We learned East Road Services had a grader they weren't using for their own snow removal operations. We picked up the grader, brought it to the Public Works yard, and were able to use it the next day, as it began snowing. Again, we were not able to get competitive bids for this equipment rental because there was no competition; no other sources of suitable equipment were available. This was not a good long term solution because the grader wasn't equipped with snow removal attachments, was costly, and East Road Services would need it back when their construction season began.

Shortly after we made arrangements to buy the re-built transmission and rent the grader, one of our other old graders went out of commission, leaving us in dire straits with one working fleet grader and one rental grader.

2021 Grader Purchase. We were authorized to purchase a new grader in FY 21 Capital Budget, to replace our 1986 CAT grader (E150). We ordered the machine in February 2021, at the cost of \$315,430, and thankfully, it arrived last week, nine months after we ordered it. This gives us two working fleet graders and the rental grader.

Recommended 2022 Grader Purchase. Fixing our old graders buys time, but we need a longer term solution. The Road Financial Plan calls for the purchase of a new grader in FY 24 and another one in FY 25. We recommend accelerating the procurement schedule for these graders, because it takes so long to get them. We're being told that if we order a grader tomorrow, it could take over a year or more to arrive. Further, prices are going up daily because of high demand and low supply. The current estimated price for a new grader is \$400,000!

II. Funding

The City Council, on April 24, 2017, passed Resolution 17-038, which adopted the Homer Accelerated Roads and Trails Program ("HART") Manual. The HART Manual allows HART funds to be used for equipment acquisition. The purchase price of the last grader we bought was \$315,340, but the current estimated price for a new one is \$400,000. The Ending Balance of the HART Road Fund is projected to be \$4,342,136 at the end of FY 23. We will re-calibrate the Road Financial Plan to account for the accelerated equipment purchases.

III. Recommendations. We recommend that the City Council authorize the expenditure of \$400,000 from the HART Road Fund to purchase a new grader. We will then surplus one of the older graders, depending on which one is in better mechanical condition.