



City of Homer

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Public Works

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Memorandum 20-088

TO: Mayor Castner and Homer City Council
THROUGH: Rick Abboud, Acting City Manager
FROM: Jan Keiser, PE, JD, Director of Public Works
DATE: June 10, 2020
SUBJECT: Proposal to Fund Completion of the Fuel Island Replacement Project

I. **Issue:** The Public Works Department's 2020-2021 budget includes \$85,000 to purchase new fuel tanks to replace the existing Fuel Island at the Public Works campus. This does not include sufficient funds to complete other elements of the project. We request the ability to proceed with that project in the interests of public and employee safety as well as environmental sustainability.

II. **Background:**

A. The existing Fuel Island, which serves fuel to the City of Homer's entire vehicular fleet, includes two underground fuel storage tanks, two fuel dispensing pumps, and a software system that turns the pumps on/off as well as keeps track of fuel usage, by user. This combination of equipment is 30 years old and has become a financial, environmental and safety liability.

First, the software system is no longer supported by any vendor. When it goes down, the system will not dispense fuel. We are being increasingly challenged to keep it operating. When it does dispense fuel, we can't always be sure whose account it's being charged to.

Second, the underground fuel storage tanks are equipped with cathodic protection anodes to slow down the rate of corrosion on the tanks. These anodes must be inspected every three years by a 3rd party inspector. The inspector determines whether the anodes need replacement and otherwise assesses the condition of the tanks. Because Homer soils are so acidic and corrosive, we always need new anodes. The next inspection is due in 2021, at an estimated cost of \$70,000 for the inspection and new anodes. Further, Coffman Engineers, the consulting company, which produced the design for the original cathodic protection, told us they do not recommend trying to replace the anodes because in all likelihood, the tanks are already corroded.

The City's 2020-2021 budget includes \$85,000 for the Fuel Island Replacement Project, but we have learned this is only enough to cover procurement of the fuel storage tanks themselves. It is not enough to finish the project; we still need design, tank removal, site preparation and a new fuel dispensing system. Further, it does not include the cost to test for or remediate any potentially contaminated soils. The updated cost estimate for a complete Fuel Island Replacement Project is \$180,000. Since \$85,000 has already been budgeted, we request an additional \$95,000.

(Note: The Fuel Island Replacement Project would involve above-ground fuel storage tanks, which would eliminate the potential for corrosion and soils contamination as well as enable the system to be relocated, in the event the Public Works campus was ever relocated outside the Tsunami Inundation Zone.)

B. **Designated funding is available.** 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 identified a set of nine criteria for projects that may be considered for HART funding. The criteria, which would be met by the Fuel Island Replacement Program, include:

- Improves life, safety and traffic flow
- Reduces maintenance costs

There is currently \$5,995,992.62 in the HART-Roads Fund that could be used to fund the completion of the Fuel Island Replacement Project. I propose a budget of \$95,000 to cover the planning design and permitting of the new Fueling System. Unused funds would remain in the HART-Roads Fund.

III. **Action Recommended:** That the City Council pass the proposed ordinance authorizing expenditure of \$95,000 from the HART-Roads Fund for the planning, design and permitting of the Fuel Island Replacement Project.

	HART - Roads	Already designated in Operating Budget
Fund Balance thru 3/31/20	\$ 5,995,992.62	
Fund balance remaining - \$5,342,992	\$ 5,342,993	
Fuel Island Replacement - \$95,000	\$ 95,000	\$ 85,000.00
Fuel Island Replacement Designated - \$85,000	\$ 85,000	
Small Works Drainage Improvement Program - \$110,000	\$ 110,000	
Small Works Road Repair Program - \$175,000	\$ 175,000	
Main Street Storm Drain and Sidewalk Project - Pioneer Avenue North - \$98,000	\$ 98,000	
Update 1979 Drainage Management Plan - \$90,000	\$ 90,000	

