



MEMORANDUM 21-136

To: City Council

Through: Rob Dumouchel, City Manager

From: Janette Keiser, PE, Public Works Director

Date: August 3, 2021

Subject: **Additional Appropriation for
Alder Lane Water Main Extension Project**

Issue: The purpose of this memorandum is to seek an additional appropriation for the Alder Lane Water Main Extension Project.

The Construction Bids: On July 12, bids were received for the above referenced project. Competitive bidding was completed in accordance with the City's procurement regulations. The project was advertised the Homer News on June 10 and 17, 2021 and sent to two in-state plan rooms and posted on the City of Homer website.

Three responsive bids were received:

Scott's Heating & Plumbing, Inc.	\$329,300
Qayaq Construction, LLC	\$348,940
DirtWorks, Inc.	\$363,848

We reviewed the experience and qualifications of Scott's Heating & Plumbing, Inc. and find the firm has the experience and resources to satisfactorily complete the work. In particular, we found:

- **Company History:** Scott's Plumbing & Heating, Inc., is a second-generation family company, which has been in business for 22 years, starting with plumbing services and then, expanding to heavy civil construction. Steven Pillans, the founder's son, has been working with his dad's company since he was very young and has been running jobs for the past ten years. Steven has been instrumental in growing the company and expanding its presence in government contracting. The company has successfully completed projects for the City of Cordova, City of Kodiak, and the U.S. Coast Guard as well as a variety of commercial and industrial clients.
- **Capacity for HDPE pipe installation:** Installing HDPE pipe is one of the company's core competencies. It has three of its own HDPE pipe fusion machines and certified HDEP installers on the crew. The company has successfully completed HDPE water pipe projects in Kodiak, Gambell, Cordova, and Unalaska.

Funding Analysis:

The construction bid takes the project at least 30% over the original projected costs. We have sent notice to the property owners about the cost increase and advised them of their right to object. The deadline for objections is August 18. In the event there are sufficient objections to abort the project, the City Council has the opportunity to reject all bids and terminate the project. In the event there are not sufficient objections, the City Council has the opportunity to continue processing the proposed ordinance as well pass a resolution awarding the contract to Scott's Plumbing & Heating at the August 26 regular Council meeting and continue moving the project forward.

Here are how the numbers break down:

Original Council Appropriation ¹		\$253,193	
Less: Design Survey	\$ 2,520		
Design	\$ 8,700		
HDPE Pipe Materials	<u>\$ 46,175</u>		
Total Cash Expended to Date		\$ 57,395	
Current Cash Available		\$195,798	
Projected Cost to Complete:			
Construction Bid	\$329,300		
Inspection	<u>\$ 6,000</u>		
Total Cost to Complete		\$335,300	
Total Adjusted Project Cost		\$392,695	
(\$57,395 + \$335,300)			
Net Increase in Project Cost		\$139,502	(55% increase)
(\$392,695 - \$253,193)			
Additional Cash Required to Finish Project		\$ 139,502	
(\$335,300 - \$195,798)			
Project Cost less Loan Subsidy of \$112,229 ²		\$280,466	
City Share	25% of \$280,466	\$ 70,117	
Property Owner Share	75% of \$280,466	\$210,349	
Authorized ADEC loan amount ³		\$253,193	

Recommendations:

¹ Resolution 20-105 authorizing ADEC Loan and Ordinance 20-83 authorizing HAWSP funding for SAD

² Principal Forgiveness Subsidy accepted by City Council in Resolution 21-023.

³ ADEC Loan Amount is sufficient to cover Property Owner Share. The City's Share will be paid out of HAWSP.

1. That the City Council introduce the first reading of the proposed ordinance increasing the appropriation by \$139,502, for a total appropriation of \$392,695.

Of this, \$112,229 will be subject to the Loan Subsidy and \$210,349 will be subject to the property owner assessments, leaving the City with a net cash outlay of \$70,117.

2. Authorize the City Manager to amend the ADEC Loan Application so that the Project is eligible for the Loan Subsidy of \$112,229.