



City of Homer

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Public Works

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MEMORANDUM 21-147

To: Mayor Castner and City Council
Through: Rob Dumouchel, City Manager
From: Janette Keiser, PE, Public Works Director
Date: August 12, 2021
Subject: **Alder Lane Water Main Extension Project**

Issue:

The purpose of this memorandum is to advise Council of the City's intent to reject all bids for the Alder Lane Water Main Extension Project and rebid the project at a later date (HCC 3.16.050(c)&(d)).

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.

Three responsive bids were received:

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

All three bids significantly exceed the project budget. 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. Some property owners have already commented that the prices are too high and that they are concerned about the affordability of the assessments. We believe the prices are higher than expected because the construction market conditions in the local area are not conducive to an affordable bid. We also believe it's possible we could value engineer some savings in the project costs.

Recommendations:

We recommend that the City Council vote down Ordinance 21-49 requesting additional funding for the Alder Lane Water Extension Project.

Cost/Budget Analysis:

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 (\$57,395 + \$335,300)		\$392,695	
Net Increase in Project Cost (\$392,695 - \$253,193)		\$139,502	(55% increase)
Additional Cash Required to Finish Project (\$335,300 - \$195,798)		\$ 139,502	
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	

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.