Memorandum 22-008

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

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.

**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 and we can expect some inflation when buy the next one. 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 $350,000 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.