



City of Homer

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Public Works

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MEMORANDUM 22-010

To: Mayor Castner and Homer City Council
Through: Rob Dumouchel, City Manager
From: Janette Keiser, PE, Public Works Director
Date: December 15, 2021
Subject: **Award of Construction Contract for
Alder Lane Water Main Extension Project**

Issue: The purpose of this memorandum is to recommend award of a construction contract to Scott's Plumbing & Heating.

Background: On December 7, bids were received for the above referenced projects. Competitive bidding was completed in accordance with the City's procurement regulations and the bid results were as follows:

- | | |
|-------------------------------|-----------|
| a. Engineer's Estimate | \$240,881 |
| b. Scott's Plumbing & Heating | \$269,930 |
| c. East Road Services, Inc. | \$288,330 |

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 HDPE installers on the crew. The company has successfully completed HDPE water pipe projects in Kodiak, Gambell, Cordova, and Unalaska.

Budget:**Water**

Council Appropriation \$ 253,193 ¹

Costs to date:

- Design Survey \$ 2,520.00
- Design \$ 7,123.00
- HDPE Pipe Materials \$ 43,300.50

Total Expended to Date \$ 52,943.50

Remaining Appropriation \$200,249.50

Projected Cost to Complete:

- Construction Bid \$ 269,930
- Estimated Inspection Costs \$ 10,795

Total Cost to Complete \$ 280,725.00

Appropriation Required to Complete Project \$ 80,475.50

Total Project Cost =

- Total Project Cost (\$52,943.50 + \$280,725) \$333,668.50
- Less: ADEC Loan Subsidy ² \$112,229.00
- Net Cost to Design/Construct water main ext. \$221,439.50

Property Owner Share 75% of \$221,439.50 \$ 166,079.62

City Share 25% of \$217,134.50 \$ 55,359.87

Authorized loan amount = \$253,193 ³

Findings:

1. There are sufficient funds in the authorized ADEC Loan amounts to cover the property owner financing. (\$253,193 covers \$166,079.62).
2. We need \$80,492.50 in additional Council appropriations to cover the Total Project Cost. (\$333,685.50 – \$253,193.00)
3. The Benefitted Area method of computing the assessments was adopted for the Water Project. The assessments were projected to range from \$10,691 to \$70,430, depending on lot size. The new projections, including the Cost to Complete and the application of the Principal Forgiveness Subsidy ranges from \$9,350 to \$61,597 for a decrease of about 13%.

Recommendations:

¹ Ord 20-83, dated 11-9-20, appropriated \$253,193 from HAWSP Fund for Alder Lane Water Project.

² Principal Forgiveness Subsidy accepted by City Council in Resolution 21-023 and \$112,690 apportioned to Alder Lane.

³ Resolution 20-105, dated 10-26-2020, authorizing application of loan in the amount of \$253,193 for Alder Lane Water Project.

1. That the City Council pass a resolution awarding the construction contract for the Alder Lane Water Main Extension Projects to Scott's Plumbing & Heating in the amount of \$269,930 and authorize the City Manager to execute all appropriate documents necessary to complete this project.
2. That the City Council pass legislation increasing the appropriation for the Alder Lane Water Main Extension Project in the amount of \$80,476.50.