



City of Homer

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Public Works

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Memorandum 22-148

TO: Mayor Castner and Homer City Council
THROUGH: Rob Dumouchel, City Manager
FROM: Janette Keiser, PE, Director of Public Works
DATE: August 23, 2022
SUBJECT: Sole Source procurement of concrete septic tanks

I. **Issue:** The purpose of this Memorandum is to request authorization to award a sole-source purchase order to Gregoire Construction for concrete septic tanks.

II. **Background:**

A. **History of concrete septic tanks:** The City of Homer and Kachemak City entered into an agreement, which allowed residents of Kachemak City to connect to the City of Homer's sewage collection system and Waste Water Treatment. One of the provisions of this agreement was that the Kachemak City residents could use "effluent-only" connections; that is, the individual homes would install septic tanks, which would collect the solids from the household, and the effluent from the septic tanks would be discharged into the City of Homer's sewage collection system. This system has continued for many years and is working fine.

The City of Homer promulgated design standards for the septic tanks. These standards stipulate that the tanks need to be made of concrete because plastic septic tanks "float" out of the ground and metal tanks corrode. At some point, the City decided keep a small inventory of concrete septic tanks that met its standards and make them available to builders and homeowners as part of the sewer connection permit process. Historically, these tanks were procured from a company in Wasilla, which was the only source of concrete septic tanks in the state. In early 2021, the Wasilla company went out of business. Meanwhile, in 2020-21, a new residential subdivision, The Meadows, was developed in Kachemak City, in which an "effluent only" sewage system was installed. It wasn't long before people were asking Public Works to provide concrete septic tanks. We soon exhausted our supply and have been struggling to find a new one ever since.

B. **New opportunity to acquire septic tanks.** In early 2022, a local construction contractor, Richard Gregoire, Gregoire Construction, told us he was negotiating with the defunct company to buy the concrete septic tank fabrication assets, such as the forms, which had

already been approved by the AK Dept. of Environmental Conservation. Recently, Mr. Gregoire told us he had done the deal, which gives us a local source for these tanks.

- III. We propose to replenish our stock of concrete septic tanks so they will be available to the Meadows' land owners and other residents who need them to connect to the City's system. Gregoire's price is \$3,750 for each 1000-gallon septic tank. In 2018, which was the last time we bought septic tanks, they cost \$2,200 each, which included the cost of shipping. Gregoire's price, considering the costs of inflation over the past 4 years and the fact that these tanks are not available anywhere else, is higher, but not unreasonable. Further, Gregoire will store the tanks until someone orders one. The initial purchase would be for 25 septic tanks at the cost of \$3,750 each, for the total price of \$93,750.

- IV. **Recommendations:** We request that the City Council (1) authorize \$93,750 for the procurement of concrete septic tank and (2) once the funding is authorized, issue a sole source contract to procure concrete septic tanks from Gregoire Construction.