



MEMORANDUM

Resolution 23-076, A Resolution of the City Council of Homer, Alaska Approving a Contract to Kachemak Electric Company in the Amount of \$40,000 to Upgrade the Electrical Works at the Fish Grinder Sewage Lift Station and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/Public Works Director.

Item Type: Backup Memorandum
Prepared For: City Council
Date: July 18, 2023
From: Janette Keiser, PE, Public Works Director/City Engineer
Through: Rob Dumouchel, City Manager

I. Issue: The purpose of this Memorandum is to recommend the award a Sole Source contract to Kachemak Electric Company to upgrade the Fish Grinder sewage lift station.

II. Scope of Work:

The FY24 Capital Budget included \$40,000 to upgrade the electrical and control works for the sewage lift station at the Fish Grinder Building. This is a companion project to the work that was authorized by Ordinance 22-80, which funded upgrades to electrical/control works for six other sewage lift stations. Resolution 22-089 awarded a sole source contract to Kachemak City Electric for that work. The FY24 Capital Budget provides funding to upgrade one more sewage lift station, the one at the Fish Grinder.

Lift Station	Materials	Installation¹	Total
Fish Grinder	\$9,191.00	\$21,969.00	\$34,425.42
Freight (estimated)			<u>\$ 4,000.00</u>
		Subtotal	\$38,425.42
Contingency			<u>\$ 1,574.58</u>
		Total	\$40,000.00

We recommend adding a small contingency to cover unforeseen conditions. For example, the cost of freight could differ from what we've estimated. Or, we could find that field installation is more

¹ The cost of installation includes prevailing wages.

challenging than what's been estimated – renovation of old systems almost always raises the unexpected. Or, materials costs could have increased since late 2022.

III. Sole Source Procurement

Homer City Code requires an open market procurement where the estimated value is more than \$25,000 unless an exception exists. Three authorized exceptions are applicable in this case:

- a. *“Procurement of consultant and technical services”*, HCC 3.16.060(d). The scope of work includes assessing the complex, highly technical issues, identifying the components that need to be replaced/rehabilitated, furnishing the components, installing the components and integrating the components with existing control systems. This needs to be done in the dangerous environment of high voltage electricity, operating lift sewage stations and fragile existing systems.
- b. *“Procurement of ...construction completion services,”* HCC 3.16.060(f). The goal is not to demolish the existing lift stations, but to rehabilitate the electrical/control systems that run those lift stations. In this context, the work is to “complete” fully functional lift station systems.
- c. *“Sole source procurement”* HCC 3.16.060(i). When staff first started exploring the issues, they contacted four local electrical contracting companies, including: Shank Electric, Woodworth Electric, Liberty Electric and Kachemak Electric. Kachemak Electric was the only company that responded. It is unlikely we would get any better response advertising further afield because so much of the work requires on-site field investigations to assess the problems and prescribe fixes.

Kachemak Electric has worked with the City for over 20 years, helping to keep these electrical panels functioning. Its work included the upgrade to our current stand-alone SCADA system about 10 years ago. Kachemak Electric is the only local representative for our lift station SCADA manufacturer and is the only authorized supplier of parts for the system. There is no one else in town that has the degree of expertise and intimate knowledge of the workings of our complex lift station electrical/control systems that Kachemak Electric has. We think this is why the other local contractors chose not to respond. They knew they could not compete with Kachemak Electric. One of the local contractors said as much.

- IV. RECOMMENDATION:** That the City Council award a sole source contract to Kachemak Electric Company in the amount of \$40,000.