



# MEMORANDUM

---

**Ordinance 25-06, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Appropriating Additional \$2,193 from the Port Reserves Fund for the Ammonia Storage Tank for the City Ice Plant.**

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Lord and City Council  
**Date:** January 01, 2025  
**From:** Bryan Hawkins, Port Director  
**Through:** Melissa Jacobsen, City Manager

---

**Purpose:** The additional funds required to close out this project are to cover the additional shipping costs for the ammonia storage tank purchase.

The overrun was primarily due to our lack of familiarity with the logistics of the Seattle waterfront. This led to unforeseen handling costs as the 2300-pound tank passed through several intermediaries before reaching the Ice Plant. While it is frustrating to encounter a shipping cost overrun, I believe such situations are not entirely uncommon.

Looking ahead, we will make a more diligent effort to better estimate and account for these costs. However, there is often a delay between the approved appropriation and project completion, and costs can, and do, fluctuate rapidly. To prevent unnecessary strain on staff and council time going forward, I recommend incorporating a 20% contingency into our project budgets to cover similar unforeseen expenses in the future. As the funds are specific to the ordinance and project any unused dollars would stay in the fund when the project is closed out.

**RECOMMENDATION:** Request the Homer City Council to authorize additional funding of \$2,193 by amending the FY25 capital budget for the Ammonia Tank project.