



MEMORANDUM

Resolution 25-079, A Resolution of the City Council of Homer, Alaska Awarding the Contract for the Highland Drive Culvert Replacement Project to East Road Services, Inc., of Homer, Alaska, in the Amount Not to Exceed \$587,990 and Authorize the City Manager to Negotiate and Execute the Appropriate Documents. City Clerk/City Engineer.

Item Type: Backup Memorandum
Prepared For: Mayor Lord and City Council
Date: August 29, 2025
From: Leon Galbraith, P.E., City Engineer
Through: Melissa Jacobsen, City Manager

Summary:

This Resolution serves to authorize a contract to East Road Services, Inc. for construction of the Highland Drive Culvert Replacement Project.

Bids Received:

An invitation to bid for the above-referenced project was publicly advertised in the Homer News on July 31, 2025 and August 7, 2025 and in the Anchorage Daily News on August 3, 2025. The final engineer's construction cost estimate was for \$1,109,280.54. Bids were opened at 2:00 PM on August 28, 2025 and four bids were received. Below is a breakdown of the bids and how they are affected by the City's local bidder preference clause, required by HCC 3.16.080.

| Bidder No. | Bidder Name | Bid Amount | Local Preference | Local Preference Comparison |
|------------|--------------------------------|----------------|------------------|-----------------------------|
| 1 | East Road Services, Inc. | \$587,990.00 | \$27,199.75 | \$560,790.25 |
| 2 | Southcentral Construction Inc. | \$566,915.50 | | \$566,915.50 |
| 3 | Granite Construction Company | \$1,221,900.00 | | \$1,221,900.00 |
| 4 | Tutka, LLC | \$855,565.00 | | \$855,565.00 |

Because of the local bidder preference, East Road Services, Inc. is considered the lowest responsive and responsible bidder even though Southcentral Construction, Inc. had a lower bid. Homer City Code Section 3.16.080 (b) states that a contract will be awarded to a local bidder, where the local bidder is, in all material respects comparable to the lowest nonlocal bid if the amount bid does not exceed the nonlocal bid by more than five percent (5%) on first \$500,000, and an additional two and one-half percent (2.5%) on the amount over \$500,000 to \$1,000,000.

Five percent of \$500,000 is \$25,000 and two and a half percent of \$87,990 is \$2,199.75. This means that as a local bidder, \$27,199.75 must be subtracted from East Road Services' bid when compared to non-local bids.

Project Budget:

Enough funds are budgeted to the project to absorb the cost of construction. Ordinance 25-25 appropriated \$71,000 from the HART Roads Fund for completion of the design. Ordinance 25-56 appropriated \$1,200,000 from the HART Roads Fund for the construction of the project. Total project funding from all sources is \$1,271,000. Of this, \$68,882 has been spent completing the project design. The adjusted low bid for construction, from East Road Services, Inc., is \$587,990.

Recommendation:

Public Works recommends that a construction contract be awarded to East Road Services, Inc. in the amount of \$587,990 for construction of the Highland Drive Culvert Replacement Project.