



MEMORANDUM

Resolution 25-105(s), a Resolution of the City Council of Homer, Alaska Awarding the Design-Build Contract of the Homer Harbor's System 4 Float Replacement to Turnagain Marine Construction of Anchorage Alaska in the Amount of \$515,000 for Phase 1 Engineering and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/City Engineer.

Item Type: Backup Memorandum
Prepared For: Mayor and City Council
Date: December 8, 2025
From: Bryan Hawkins, Port Director
Through: Melissa Jacobsen, City Manager

Purpose: This memorandum requests Council approval of a substitute Resolution 25-105(S) to award a Phase 1 design-build contract to Turnagain Marine Construction (TMC) in the amount of \$515,000 for the Homer Harbor Float System 4 Replacement project and authorize the City Manager to negotiate and execute the agreement.

Background: The City has been working toward System 4 replacement in phases. We have secured FY24 Denali Commission grant funding to complete the design and permitting phase with a performance period ending July 31, 2026. Under a Task Order with Alaska Harbors Consulting LLC, Denali Commission funds have allowed us to:

- advance design drawings to 35% completion
- initiate permitting and
- develop a design-build Request for Proposals (RFP) to complete design and construction. The RFP was publicly advertised in accordance with the Procurement Policy Manual.

The City has applied for construction funding through MARAD's FY25 Port Infrastructure Development Program (PIDP). While award announcements were delayed due to the government shutdown, they are expected to be announced after the first of the year. Because the City is currently seeking grant funding for construction, the contract is structured in two distinct phases with separate authorizations and Notices to Proceed (NTPs) required for each:

- Phase 1 (Current Request): Design, engineering, and permitting services - \$515,000. Design will proceed immediately upon Award and execution of the contract, following City Council approval.
- Phase 2 (Future/Contingent): Construction - To be awarded only if construction funding is secured and will require separate Council approval. An NTP for Construction will only proceed if/when construction funding is secured.

Proposals Received:

In accordance with the Procurement Policy Manual, the City advertised a Request for Proposals (RFP) in the Homer News and in the Anchorage Daily News. Proposals were opened at 4:00 PM on November 7, 2025, and two proposals were received. These proposals were scored by a team of evaluators according to criteria established in the RFP documents.

The following points address questions raised about the contract structure when the previous Resolution 25-105 was reviewed:

Why Design-Build for This Project

This delivery method is advantageous because construction costs are volatile. Working with a marine construction contractor during the design phase allows us to identify cost savings through their expertise in pricing materials selected as well as means and methods of construction. This is particularly valuable when we are designing to meet a future budget that is not yet fully determined where the design may be altered to meet the budget while simultaneously meeting the design goals.

City Retains Ownership of Design Documents

Upon payment for Phase 1 services, the City will own all design documents, plans, and work products. If construction funding is not secured, we retain these designs for future use and to pursue alternative funding sources and the City is not contractually obligated to complete Phase 2 unless adequate funding is secured.

Permit Validity and Timeline Risk

While there is some permit validity risk if construction is delayed years, particularly if new species are listed or regulations change. Having the permitting effort completed ahead of time provides substantial flexibility (two to five years) for typical grant funding timelines. Any permit modifications that may be required would take considerably less time than the original 12-18 month permitting process.

Financial Obligation is Limited to Design Services

This Resolution is only approving to enter contract negotiations for Phase 1 Engineering for \$515,000, with Phase 2 being contingent upon securing funding. There is no obligation beyond Phase 1 in the contract. Phase 2 construction will require separate Council approval if and when grant funding is secured. The contract explicitly requires separate Notices to Proceed (NTP) for design and construction phases.

No Construction Commitment Without Funding

The contract explicitly states that construction cannot proceed without: (1) secured funding, (2) a separate Notice to Proceed from the City, and (3) separate Council approval. The contractor cannot order materials or begin construction work without Phase 2 authorization. The RFP and contract language clearly establish that construction NTP (Phase 2) is contingent upon the City entering into a grant agreement with MARAD.

Protection Against Premature Material Procurement

The contract schedule specifies that any Notice to Proceed for materials procurement is contingent upon 75% design approval and either a grant agreement or pre-authorization from MARAD. This prevents the contractor from ordering long-lead items without authorization and protects the City

from liability for materials ordered prematurely. Resolution 25-105(S) authorizes the City Manager to negotiate final contract terms. Prior to execution the City Attorney will be consulted to ensure all protections discussed above are explicit and enforceable. Project managers have discussed this structure with the selected contractor and they understand and accept these terms.

Recommendation: Staff recommend approval of Resolution 25-105(S). This action allows us to meet our design grant deadline, advance the project to shovel-ready without committing to construction costs and stage the project for timelier PIDP grant obligation should our FY25 grant application prove successful.