

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Public Works Director

ORDINANCE 25-31

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
AMENDING THE FY25 CAPITAL BUDGET BY APPROPRIATING AN
ADDITIONAL \$72,382 FROM THE GENERAL FUND UNASSIGNED
FUND BALANCE FOR A CHANGE ORDER TO THE FUEL ISLAND
REPLACEMENT CONTRACT TO ALSO INCLUDE UNDERGROUND
TANK REMOVAL.

WHEREAS, The Cities two existing underground fuel storage tanks failed their routine
certification inspection and are required to be removed and replaced; and

WHEREAS, New aboveground storage tanks were budgeted in the FY25 Capital Budget;
and

WHEREAS, The City bid and awarded the project to Prism Design and Construction of
Anchorage to provide and install the new aboveground storage tanks; and

WHEREAS, The current project was bid without the underground tank removal to
ensure a seamless transition between underground storage tanks to aboveground storage
tanks without an interruption of fuel supply to the Cities fleet; and

WHEREAS, Prism is certified to do the underground tank removal and has provided a
quote for this work which includes temporary tanks to ensure a seamless transition where the
Cities fleet will not have a gap in fuel supply; and

WHEREAS, This supplemental appropriation will allow the Public Works Department
the ability to preserve the remaining funding balance from the initial appropriation to cover
unexpected expenses related to the project.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY25 Capital Budget by
appropriating an additional \$72,382 as follows:

Revenue:

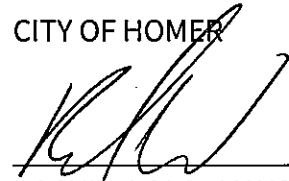
<u>Fund</u>	<u>Description</u>	<u>Amount</u>
100	Fuel Island Replacement	\$72,382

Expenditure:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
156-0395	Fuel Island Replacement	\$72,382

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 28th day of April, 2025.

CITY OF HOMER

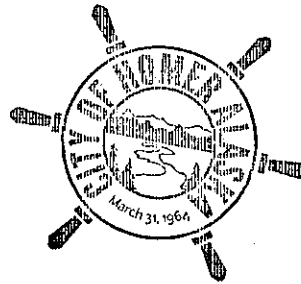

RACHEL LORD, MAYOR

ATTEST:


RENEE KRAUSE, MMC, CITY CLERK

YES: 5
NO: 0
ABSTAIN: 0
ABSENT: 1

Introduction: 04.14.25
Public Hearing: 04.28.25
Second Reading: 04.28.25
Effective Date: 04.29.25





MEMORANDUM

Ordinance 25-31 An Ordinance of the City Council of Homer, Alaska, Amending the FY25 Capital Budget by Appropriating an Additional \$72,382 from the General Fund Unassigned Fund Balance for a Change Order to the Fuel Island Replacement Contract to also Include Underground Tank Removal. City Manager/Public Works Director.

Item Type: Backup Memorandum
Prepared For: Mayor Lord and City Council,
Date: March 19, 2025
From: Daniel Kort, Public Works Director
Through: Melissa Jacobsen, City Manager

Summary:

This additional appropriation will serve to cover the costs associated with the removal of the two existing underground fuel storage tanks (UST).

Background:

The City's two UST's are subject to a third party inspection every 3 years. The City was warned during the 2021 inspection that the UST's would likely not pass the next inspection. As expressed, the City's two UST's failed their inspection in 2024, triggering the requirement to remove and replace the tanks. These UST's are required to be removed by December of 2025.

The Public Works Department (PWD) budgeted \$350,000 for two replacement skid mounted aboveground fuel storage tanks (AST). The City put out an RFP for the new AST's and awarded the contract to Prism Design and Construction (Prism) of Anchorage for \$317,440.28.

The PWD's original intention was to purchase the new AST's and bring them online, then move onto removal of the existing UST's afterwards to ensure a seamless transition and no interruption in fuel supply. The PWD anticipated the UST removal project was going to be approximately \$100,000 to \$150,000 depending upon the extent of potential impacted soils due to fuel spillage or tank leakage.

Prism is certified to do underground tank removals and soil remediation, and approached the PWD asking for our plan of UST's removal so they could bid the work. The PWD informed Prism of the plans, and Prism offered to provide a price so they could do the work in one mobilization as a Change Order to the existing contract. The PWD offered this opportunity to Prism without committing to the work until it is approved by Council.

Prism provided the PWD a Change Order request for \$72,381.60 for the UST's removal and remediation. A requirement of this Change Order Request, the PWD requested that Prism include provisions for temporary AST's to "bridge the gap" for the time period between the City having functional UST's and the new functional AST's. This would ensure the City has no interruption in fuel

supply for fleet during this project. This price was found to be competitive with the anticipated cost estimate to do the UST removal at a later date. The proposed Change Order only specifies disposal of up to 10 cubic yards of impacted soils if they are encountered. This could account partially for the competitive price provided by Prism, however it does leave room in the budget for covering additional impacted soils for disposal if they are encountered. The following describes the current project budget.

Capital Budget for two AST's	\$350,000.00
Prism Bid	\$317,440.28
Funding Balance	\$32,559.72

By providing a supplemental appropriation of \$72,382 for the full Change Order request, the City can preserve the Funding Balance of \$32,559.72 to cover the costs associated with any additional impacted soils beyond 10-cubic yards. This will be important so the PWD can quickly react to discovered changes and keep the project moving forward without delay, which could cause additional costs associated with delay while we wait for funding approval.

Additionally, awarding this Change Order to Prism would reduce costs associated with reorganizing the Public Works Campus to accommodate the new AST's while simultaneously preserving the space where the existing UST's are located for the future removal. Space at the current Public Works Campus is limited and precious.

Recommendation:

Public Works Department recommends that the City Council approves the supplemental appropriation of \$72,382 from the Public Works CARMA Fund to cover the costs associated with Change Order #1 of the Fuel Island Replacement Project.

CITY OF HOMER FINANCIAL SUPPLEMENT

PROJECT NAME	Additional Funding - Fuel Island Replacement	DATE	04/09/2025
DEPARTMENT	Public Works	SPONSOR	City Manager/PW Director
REQUESTED AMOUNT	\$ 72,382		

DESCRIPTION	<p>The Cities two existing underground fuel storage tanks failed their routine certification inspection and are required to be removed and replaced. New aboveground storage tanks were budgeted in the FY25 Capital Budget. The City bid and awarded the project to Prism Design and Construction of Anchorage to provide and install the new aboveground storage tanks. The current project was bid without the underground tank removal to ensure a seamless transition between underground storage tanks to aboveground storage tanks without an interruption of fuel supply to the Cities fleet. Prism is certified to do the underground tank removal and has provided a quote for this work which includes temporary tanks to ensure a seamless transition where the Cities fleet will not have a gap in fuel supply. This supplemental appropriation will allow the Public Works Department the ability to preserve the remaining funding balance from the initial appropriation to cover unexpected expenses related to the project.</p>
-------------	---

FUNDING SOURCE(S)	GF Unassigned FB	GF CARMA	GF FLEET CARMA	PORT RESERVES	WATER CARMA
	100%	0%	0%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	0%	0%	0%	0%

FUNDING SOURCE 1: GF Unassigned Fund Balance	FUNDING SOURCE 2:	FUNDING SOURCE 3:
Current Balance \$ 3,706,699	Current Balance _____	Current Balance _____
Encumbered \$ 452,523	Encumbered _____	Encumbered _____
Requested Amount \$ 72,382	Requested Amount _____	Requested Amount _____
Other Items on Current Agenda \$ 0	Other Items on Current Agenda _____	Other Items on Current Agenda _____
Remaining Balance \$ 3,181,794	Remaining Balance _____	Remaining Balance _____
FUNDING SOURCE 4:	FUNDING SOURCE 5:	FUNDING SOURCE 6:
Current Balance _____	Current Balance _____	Current Balance _____
Encumbered _____	Encumbered _____	Encumbered _____
Requested Amount _____	Requested Amount _____	Requested Amount _____
Remaining Balance _____	Remaining Balance _____	Remaining Balance _____