

Kenai Peninsula Borough

Purchasing and Contracting Department

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor *CP*
Brandi Harbaugh, Finance Director *BH*

FROM: John Hedges, Purchasing and Contracting Director *JH*

DATE: April 9, 2020

RE: Ordinance 2019-19-34 Appropriating Funds from the South Peninsula Hospital Service Area Capital Project Fund to Provide Additional Funding for the Deaerator and Steam Plant Improvements (Mayor)

South Peninsula Hospital Service Area ("SPH") appropriated \$180,000 through ordinance 2019-19-06 in August 2019 to replace the deaerator unit associated with the hospital's steam plant and hydronic heating system. The unit is essential to the system's functionality and due to its age is at a high risk of failure.

Due to the need to provide continuous treated and tempered water to the boilers there is no way to keep the heating system online while a replacement deaerator unit is installed. In addition, a design was completed that will allow for the ability to isolate the system's primary components. This modification will accommodate controlled shutdowns without a total loss of heating capacity. These needs include isolation valves and the use of a temporary steam plant while the work is being completed. It is hoped that the added scope will reduce maintenance costs and decrease risk of system failure going forward.

The original project was estimated at \$180,000. These changes have led to an increase in the estimated cost of the project and the need for an additional \$290,000 to be appropriated from the SPH Capital Project Fund fund balance for the completion of the project.

These issues will bring the estimated total project cost to \$470,000.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>491.27910</u>
Amount	<u>\$290,000</u>
By: <i>PP</i>	Date: <u>4/9/2020</u>