

Kenai Peninsula Borough

Solid Waste Department

MEMORANDUM

TO: Brent Hibbert, Assembly President
Members, Kenai Peninsula Borough Assembly

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

FROM: Daniel Kort, Solid Waste Director *DK*

DATE: September 30, 2021

RE: Ordinance 2021-19-22, Appropriating Additional Funds from the General Fund to Support the Fiscal Year 2022 Homer Transfer Facility Operation and Maintenance Contract (Mayor)

The Homer Transfer Facility has been operated under a contract since 2013. The old contract was due to expire on June 30, 2020, and went out for bid in January 2020. The then existing contractor was the apparent low bidder and this value was appropriated in the fiscal year 2022 operating budget.

The original contract called for a closeout process of the contract before a new contract could be signed. During the closeout process numerous issues associated with the previous contractor's performance were alleged and litigation was contemplated. As part of the resolution, the previous contractor withdrew its bid and the borough agreed not to pursue portions of litigation. However, any damages to the Facility can be and will be pursued.

The Borough currently only has one responsible, responsive bidder from ITB 21-019, Homer Transfer Facility Operations and Maintenance. Awarding to the second place bidder will cost \$80,000 more annually.

In order to ensure continuity of operations, the Borough entered into an interim short-term agreement to operate the Facility on an emergency basis. This agreement required utilization of available resources and was thus less efficient due to emergency mobilization, smaller transport capacity, and interim substituted waste handling equipment.

On September 17, 2021, the Solid Waste Department negotiated a change order with the second-place bidder to better match the ITB contract pricing provided with ITB21-019.

Page -2-
September 30, 2021
Re: O2021-19- 22

An interim short-term agreement is necessary due to both the short amount of time between the closeout of the original contract and because of the condition of the Facility at closeout. Without assurances that certain items will be repaired and brought to generally acceptable standards, the potential new operator was hesitant to agree to operate the Facility and take responsibility for the equipment at the Facility.


There are numerous unbudgeted contract closeout expenses to repair damage and bring the facility back up to an acceptable standard in order to award the contract to the second-place bidder. The total cost of these impacts is still being assessed but is currently estimated at \$375,000.

In summary, the Solid Waste Department is requesting a general fund transfer of \$375,000 to cover the following:

- Funds to support the O&M contract for the Solid Waste Homer Transfer Facility for the remainder of FY2022
- Week to Week O&M thru September 10, 2021
- Repair damage to Facilities estimate thru September 10, 2021
- Anticipated repairs to bring older equipment to serviceable levels

This ordinance appropriates \$375,000 from the General Fund fund balance to be transferred to the Solid Waste operating fund to support both the FY2022 operations and maintenance contract and needed repairs for the Homer Solid Waste facility.

Your consideration of this ordinance is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No. <u>100.27910</u>	Amount: <u>\$375,000</u>
By: <u></u>	Date: <u>9/30/2021</u>