

Kenai Peninsula Borough

Finance

MEMORANDUM

TO: Wayne Ogle, Assembly President
Members of the Kenai Peninsula Assembly

THRU: Charlie Pierce, Mayor *CP*

FROM: Brandi Harbaugh, Finance Director *BH*
Scott Griebel, Acting Roads Director *SG*
Valentina Sustaita, Purchasing & Contracting Director *VS*

DATE: July 26, 2018

SUBJECT: Ordinance 2018-19-06, Appropriating \$7,500 from the General Government Capital Project Fund for Additional Costs Related to a Required Change in Stack Specification for the Borough Administrative Building Boiler (Mayor)

Ordinance 2017-19-17 approved a supplemental appropriation to fund the purchase and installation of new higher efficiency boilers for the George A. Navarre Kenai Peninsula Borough Administrative Building (BAB). In the initial phase of planning for the replacement of the boilers at the BAB the intent was that the system would be designed professionally and the installation would be performed internally by the maintenance department. The original project budget of \$120,000 was conceived with this intent and comprised of a 50/50 split between school district project funds and a special assembly appropriation.

The design phase was awarded and performed by a contracted engineering firm. In the interim, the Borough had experienced an unexpected boiler failure at the Soldotna Prep School campus. It was determined that the maintenance department did not possess adequate labor resources in order to perform both installations. The decision was made to focus the department's available labor on the effort at the school campus and contract the installation at the BAB. Following the formal bidding process, the low bid was \$7,953.89 more than available in the remaining 400.19010.18BBB project account. The project has a very crucial timeline and involves many long lead items so, at the approval of the mayor, the differential was made up through an encumbrance to the existing HVAC capital project account so that the project could be awarded. Currently, we have encountered an anomaly in the design, resulting from inaccurate information in product sheets provided by the specified boiler manufacturer. Required alteration resulted in an additional cost impact of \$4,001.20. An additional \$3,044.91 is being requested as a small contingency

amount, making the borough portion \$7,500; half of the amount needed to complete the project. The remaining funds are available in the 18BBB project.

Your approval of this ordinance would be appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>407.00000.00000.27910</u>
Amount:	<u>\$7,500.00</u>
By: <u>pp</u>	Date: <u>7/25/18</u>