
MEMORANDUM

TO: STEVE GIESBRECHT, BOROUGH MANAGER
FROM: KARL HAGERMAN, PUBLIC WORKS DIRECTOR
SUBJECT: SOLE SOURCE PAVING REQUEST
DATE: 1/13/2016

I would like to request that the Borough Assembly approve Resolution #2016-3, which authorizes a sole source procurement of paving services from SECON for an amount of \$532,085.00 and includes the funding plan for the work. The approval of the resolution would be followed by the introduction of the funding aspects of this request within Ordinance #2016-1, a supplemental budget ordinance.

As is normal when paving contractors mobilize to Petersburg, the public works department would like to take advantage of SECON's presence in Petersburg for their work on the Haugen Drive and South Nordic Drive Resurfacing projects. By contracting with paving companies that have already mobilized to Petersburg, the Borough will not be charged the normal regional mobilization fee that is very substantial. The following information details the paving plan, sole source request and the funding plan for this work – all in support of Resolution #2016-3.

Paving Plan

The Borough is in need of paving of several streets as well as patching of other areas around the community. The following list of streets/patches are presented for your information.

Street Name	Extent of Paving
8 th Street	Haugen Drive to Aaslaug Street
Aaslaug Street	8 th St. to Gauffin Street
Gauffin Street	Aaslaug St. to Wrangell Avenue
Excel Street	First Street to Second Street
Fram Street	First Street to Second Street
Gjoa Street	First Street to Second Street
Surf Street	Upper portion to Odin Street
Charles W Street	High School parking lot to Second Street
Odin Street	Unimak Street to Wesley Street
Lumber Street	S. Nordic Drive to Neptune Street
3 rd Street	Access to Aquatic Center from Wrangell Avenue

Patching Location	Description
Crane Dock	Water line trench
Sandy Beach Road	Various small shoulder patches
Dump Hill	Sweeping corner inside shoulder at bottom of hill
3 rd Street	Patching in front of Episcopal Church
Charles W. Street	Patching at Middle School
Odin Street	Intersection shoulder widening
Mountain View Manor	Parking Lot patching from prior water line repairs
Scow Bay Firehall	Repave garage approach to drain away from the building
Mitkof Sales Site	Pave footprint after building is removed.

The work will consist of SECON's removal of all degraded asphalt or chip seal, use of Borough supplied leveling course crushed rock for grading, finish grading and compacting to final grade, paving with hot mix asphalt and all required traffic control to complete the work. SECON's quoted price to perform the work is **\$532,085.00**. The paving completion would be dependent upon SECON's paving schedule for the ADOT projects they will be finishing up in early summer.

The list is extensive for a couple of reasons. Firstly, the areas listed are all extremely good candidates for road resurfacing work due to poor condition of existing asphalt or chip seal. As the surfacing degrades, it is not only hard on the traveling public, vehicles and snow removal equipment, but it costs more money to maintain on a continual basis. Paving is a good way to keep O&M budgets in check. Secondly, this could be the last chance for some time for the Borough to receive paving work without paying the very high premium that comes along with mobilizing an entire asphalt plant and paving equipment to Petersburg. Public works has always requested minimal paving work approval from the Council or Assembly in the past when a contractor is available to us but this larger paving request is timely and important due to the bleak prospect of other projects that may bring a hot mix plant to Petersburg.

If the plan is approved, public works will begin planning and scheduling to address any outstanding underground utility issues for the streets mentioned above. Most important to this effort are several water and sewer main crossings on 8th Street which will be tackled as soon as possible after the snow season is over.

Sole Source Request

Municipal code requires competitive bidding for projects of this size, except in cases where a sole source procurement is determined to be in the borough's best interest and it is most cost-effective to purchase from a single supplier. SECON is already set up in Petersburg for their contract with the State so there is no regional mobilization fee to be charged to the Borough. Any other paving contractor would pass along a mobilization charge of approximately \$100,000 just to bring their equipment to Petersburg. This fact alone dictates that no other contractor can be competitive with SECON's pricing. Further, the asphalt pricing supplied by SECON (\$190/Ton) is competitive with past paving contracts with no apparent markups associated with their sole presence on Mitkof Island.

It is my firm opinion that SECON's quote is the best pricing that we would receive if a costly and time consuming bid process was completed and that the Borough Assembly should approve their company as a sole source for paving services in this instance.

Project Funding

The project will be funded from two different sources. Fund #250 is the streets fund that receives revenue from the federal Secure Rural Schools Act. Currently, 15% of the funds received from the federal government is allocated to the streets fund and must be used for street surfacing or maintenance purposes. The current balance in this fund is \$364,599.00 which I am proposing to use all of for this paving opportunity.

Also proposed to be transferred and expended for this paving opportunity are design funds that were allocated to the Rasmus Enge Bridge Replacement project. The bridge was a high priority a couple of years ago when the ADOT bridge division de-rated the capacity of the bridge due to it condition. Funds were allocated to a capital project fund to complete repairs on the bridge but also to work on design and permitting for a complete replacement of the bridge in anticipation of capital funds being available from the State or other sources. However, public works has not been able to identify a legitimate funding source for the bridge replacement. That fact in combination with the State's restoration of the bridge's capacity rating following the Borough's repairs in 2014 and 2015, have moved the project's priority to a

lower level than community paving. It is proposed to transfer \$167,486.00 to Fund #250 for expending on this paving contract.

Recommendation

Both the transfer of funds and the expense of funds for the paving plan are included in Ordinance #2016-1, an ordinance amending FY16 budget for known changes. Public works is recommending approval of the ordinance as well as Assembly Resolution #2016-3 so that this paving opportunity can be captured.

Please let me know if there are any questions. Thank you for your consideration and support.