

**KODIAK CITY COUNCIL**

**WORK SESSION AGENDA**

**Tuesday, May 8, 2012**

**Kodiak Island Borough Conference Room**

**7:30 p.m.**

*Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or staff, no formal action is taken at work sessions and items that require formal Council action are placed on a regular Council meeting agenda. Public comments at work sessions are NOT considered part of the official record. Public comments intended for the "official record" should be made at a regular City Council meeting.*

**Discussion Items**

- 1. Public Comments (limited to 3 minutes)
- 2. Additional Discussion on Sales Tax Related Issues .....No Backup
- 3. Public Works Vehicle Purchase From CH2MHILL .....1
- 4. May 10, 2012, Agenda Packet Review

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager  
**Thru:** Mark Kozak, Public Works Director  
**Date:** May 8, 2012

**Agenda Item: Item #3, Public Works Vehicle Purchase from CH2MHill**

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**SUMMARY:** CH2MHILL provided a vehicle for their onsite project representative as of the professional service contract for project management with CH2MHILL for the UV disinfection facility. The City discussed options for this vehicle with CH2MHILL and the State Grant and Loan group and determined what cost of the vehicle would be grant reimbursable. We were able to get substantial grant support that allowed CH2MHILL to purchase a new vehicle with the intention that the City would purchase it at the end of the project. The project representative is no longer on site, and CH2MHILL is ready to turn the vehicle over to the City. The Public Works Director recommends the City purchase this 2010 F-150 super cab pickup from CH2MHILL in the amount of \$13,866 with the funds coming from water utility fund machinery and equipment account.

**DISCUSSION:** As When CH2MHILL did project management on the Wastewater Treatment plant upgrade project they provided their onsite project representative with a new vehicle that the City help spec out. When the project was complete the City purchased this vehicle from CH2MHILL at a greatly reduced cost since the project paid for its use. Having done this in the past, staff discussed this possibility with CH2MHILL since Public Works already had a vehicle budgeted for replacement in FY12. At the City's request, the Alaska Department of Environmental Conservation (ADEC) grant department evaluated the cost of a leased vehicle, rented vehicle, purchase a new vehicle or use of an older CH2MHILL fleet vehicle.

With support of the ADEC grant, CH2MHILL could purchase a new vehicle for basically the same month rate as a leased vehicle. The grant would cover 70% of the monthly cost with the project loan covering the remaining 30%. When the project was completed CH2MHILL would sell the vehicle to the City for the remaining cost on the vehicle. Calculations showed that the cost to the City at the end of 16 months would be \$12,866. The construction portion of the project has been successful and finished ahead of schedule, so the City's cost to purchase the vehicle from CH2MHil is \$13,866.

The Public Works Department often needs a vehicle with a seating capacity greater than 3 seats. After discussion staff felt CH2MHILL could purchase a pickup with an extended cab that could safety carry

four adults or more. The City's intent is to have the building inspectors use this vehicle, and when occasional seating is needed, it can be used by others within the Public Works Department.

Public Works budgeted for a replacement pickup for the building inspectors in FY 2011. When the UV project started, the department held off on the purchase and planned to replace it with the pickup from the UV project when the project was completed. The UV project straddled fiscal years so the department budgeted the purchase in FY 2012's water utility fund, machinery and equipment line.

Staff used this process to meet the project needs and for the City to get the most out of the project funding and vehicle replacement savings.

Attached is the equipment evaluation by the Public Work shop recommending replacement of building department pickup.

**ALTERNATIVES:** Public Works staff evaluated a lot of options to make good utilization of the project funding and save the City some cost in replacing a fleet vehicle. This worked really well when it was done as part of the Wastewater Treatment plant project and with ADEC grant support has provided some cost saving to the City here. We looked at the following alternatives

- 1) Accept the older CH2MHILL fleet vehicle at roughly \$500.00/month as part of the project management cost.
- 2) Lease a vehicle at cost between \$980/month up to \$1,600/month for the onsite project manager.
- 3) Have CH2MHILL purchase a vehicle with a monthly rate that was project reimbursable and the City purchase this almost new vehicle when the project was completed.

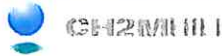
We felt alternative 3 was the best possible option for the City. This gives us an almost new vehicle for roughly half the cost of when new.

**FINANCIAL IMPLICATIONS:** The FY 2012 Water Utility budget contains \$26,000 for the replacement cost of a new fleet vehicle which is sufficient to make this purchase.

**STAFF RECOMMENDATION:** Staff recommends that Council approve the purchase of this 2010 F-150 super cab in the amount of \$13,866, with the funds coming from the water utility account machinery and equipment account number 550-560-360-470-126.

**ATTACHMENTS:**

- Attachment A: CH2MHill UV Project vehicle purchase agreement
- Attachment B: ADEC vehicle purchase approval
- Attachment C: DPW mechanic evaluation of PU#8
- Attachment D: CIP replacement vehicle nomination form



STANDARD AGREEMENT FOR PROFESSIONAL SERVICES

CH2M HILL'S OFFICE ADDRESS: 949 E 36<sup>th</sup> Ave, Suite 500 Anchorage, AK 99508

CH2M HILL'S PROJECT NO.: 417947

PROJECT NAME: Agreement regarding Grant Eligibility of the Project Vehicle Purchase for the Kodiak UV Disinfection Facility Construction Phase Services Project

CLIENT: City of Kodiak

CLIENT'S ADDRESS: 2410 Mill Bay Road Kodiak, AK 99615

CLIENT requests and authorizes CH2M HILL Engineers, INC. (hereinafter "CH2M HILL") to perform the following Services:

Scope of Services

On January 14, 2011, the CLIENT fully executed an Agreement with CH2M HILL for a project generally described as "Kodiak UV Disinfection Facility Construction Phase Services". Within that Agreement, the parties agreed to the budget associated with reimbursement to CH2M HILL by the Client for the purchase by CH2M HILL on behalf of the Client of a project vehicle described as a 2010 Ford F150 4x4 from Kodiak Motors, to be used by CH2M HILL's full-time Resident Project Representative for the duration of the project.

The purpose of this separate, related Agreement is solely for the CLIENT's use in submitting the project vehicle charges as eligible for grant funding.

Attached is the detailed cost table showing monthly reimbursement fees from the Client to CH2M HILL for costs associated with the purchase of the project vehicle, inclusive of the purchase price, sales tax, title, registration, licensing, financing, insurance and fleet administration costs. The invoice from Kodiak Motors is also attached.

CH2M HILL will bill the Client \$1,225/month plus the contractual expense markup as shown in the attached detailed cost table. Additional amounts for monthly usage expenses such as gas, oil, and routine maintenance will be billed to the CLIENT and are not shown in the attached detailed cost table.

Compensation

There is no additional Compensation by CLIENT to CH2M HILL associated with this Agreement. The purpose of this Agreement is solely for the CLIENT's use in submitting the project vehicle as eligible for grant funding. The budget for costs associated with the purchase and usage of the project vehicle were included in the Agreement between the CLIENT and CH2M HILL fully executed on January 14, 2011 for a project generally described as "Kodiak UV Disinfection Facility Construction Phase Services".

Schedule

N/A

Other Terms

Nothing in this Agreement shall nullify or void the Agreement between the CLIENT and CH2M HILL that was fully executed on January 14, 2011 for a project generally described as "Kodiak UV Disinfection Facility Construction Phase Services".

Services covered by this AGREEMENT will be performed in accordance with the Provisions and any attachments or schedules. This AGREEMENT supersedes all prior agreements and understandings and may only be changed by written amendment executed by both parties.

CLIENT:

Signature Mark Kozak

Name (printed) MARK KOZAK

Title PW Director

Date 3/23/11

CH2M HILL Engineers, INC.:

Signature Floyd Dameron

Name (printed) Floyd Dameron P.E.

Title IP & Senior Project Manager

Date 3/23/2011



## PROVISIONS

### 1. Authorization to Proceed

Execution of this AGREEMENT by CLIENT will be authorization for CH2M HILL to proceed with the Services, unless otherwise provided for in this AGREEMENT.

### 2. Cost Opinions

Any cost opinions or Project economic evaluations provided by CH2M HILL will be on a basis of experience and judgment, but, since CH2M HILL has no control over market conditions or bidding procedures, CH2M HILL cannot warrant that bids, ultimate construction cost, or Project economics will not vary from these opinions.

### 3. Standard of Care

The standard of care applicable to CH2M HILL's services will be the degree of skill and diligence normally employed by professional engineers or consultants performing the same or similar services at the time CH2M HILL's services are performed. CH2M HILL will re-perform any services not meeting this standard without additional compensation.

### 4. Termination

This AGREEMENT may be terminated for convenience on 30 days written notice or if either party fails substantially to perform through no fault of the other and does not commence correction of such nonperformance within 5 days of written notice and diligently complete the correction thereafter. On termination, CH2M HILL will be paid for all authorized work performed up to the termination date plus termination expenses, such as, but not limited to, reassignment of personnel, subcontract termination costs, and related closeout costs.

### 5. Payment to CH2M HILL

Monthly invoices will be issued by CH2M HILL for all Services performed under this AGREEMENT. CLIENT shall pay each invoice within 30 days. Interest at a rate of 1-1/2 percent per month will be charged on all past-due amounts.

In the event of a disputed billing, only that disputed portion will be withheld from payment, and the undisputed portion will be paid. CLIENT will exercise reasonableness in disputing any bill or portion thereof. No interest will accrue on any disputed portion of the billing until mutually resolved.

### 6. Limitation of Liability

CH2M HILL's liability for CLIENT's damages will, in the aggregate, not exceed \$100,000. This Provision takes precedence over any conflicting Provision of this AGREEMENT or any document incorporated into it or referenced by it. In no event shall CH2M HILL, its affiliated corporations, officers, employees, or any of its subcontractors be liable for any incidental, indirect, special, punitive, economic or consequential damages, including but not limited to loss of revenue or profits, suffered or incurred by CLIENT or any of its agents, including other contractors engaged at the project site, as a result of this Agreement or CH2M HILL's performance or non-performance of services pursuant to this Agreement.

Limitations of liability provided herein will apply whether CH2M HILL's liability arises under breach of contract or warranty; tort, including negligence; strict liability; statutory liability; or any other cause of action, and shall include CH2M HILL's officers, affiliated corporations, employees, and subcontractors.

### 7. Severability and Survival

If any of the provisions contained in this AGREEMENT are held illegal, invalid or unenforceable, the other provisions shall remain in full effect. Limitations of liability shall survive termination of this AGREEMENT for any cause.

### 8. No Third Party Beneficiaries

This AGREEMENT gives no rights or benefits to anyone other than CLIENT and CH2M HILL and has no third party beneficiaries except as provided in Provision 10.

### 9. Materials and Samples

Any items, substances, materials, or samples removed from the Project site for testing, analysis, or other evaluation will be returned to the Project site unless agreed to otherwise. CLIENT recognizes and agrees that CH2M HILL is acting as a bailee and at no time assumes title to said items, substances, materials, or samples. CLIENT recognizes that CH2M HILL assumes no risk and/or liability for a waste or hazardous waste site originated by other than CH2M HILL.

### 10. Assignments

Neither party shall have the power to or will assign any of the duties or rights or any claim arising out of or related to this AGREEMENT, whether arising in tort, contract or otherwise, without the written consent of the other party. Any unauthorized assignment is void and unenforceable.

### 11. Integration

This AGREEMENT incorporates all previous communications and negotiations and constitutes the entire agreement of the parties. If CLIENT issues a Purchase Order in conjunction with performance of the Services, general or standard terms and conditions on the Purchase Order do not apply to this AGREEMENT.

### 12. Force Majeure

If performance of the Services is affected by causes beyond CH2M HILL's reasonable control, project schedule and compensation shall be equitably adjusted.

### 13. Dispute Resolution

The parties will use their best efforts to resolve amicably any dispute, including use of alternative dispute resolution options.

### 14. Changes

CLIENT may make or approve changes within the general Scope of Services in this AGREEMENT. If such changes affect CH2M HILL's cost or time required for performance of the services, an equitable adjustment will be made through an amendment to this AGREEMENT.

UV DISINFECTION PROJECT VEHICLE SUMMARY TABLE

CH2MHILL

City of Kodiak UV Disinfection Project –New Vehicle Purchase by CH2M HILL for Resident Project  
 Representative – City to Purchase Vehicle at End of Project at Buy Out Amount  
 Vehicle Ford F150 4x4 VIN# 1FTFX1EV2AKE55793  
 Capital Cost \$28,866.00 From Kodiak Motors  
 Deprec months 29  
 CH2M HILL Project Manager: Floyd Damron, P.E.  
 City of Kodiak Project Manager: Mark Kozak, Public Works Director  
 Monthly vehicle operating and maintenance costs to be billed directly to the project

Mo.	Date	Monthly Depreciation	Insurance, Financing Fleet Admin	Monthly Rate	Expense Markup	Monthly Billing	City Buy-Out Amount
1	Mar-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$27,866.00
2	Apr-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$26,866.00
3	May-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$25,866.00
4	Jun-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$24,866.00
5	Jul-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$23,866.00
6	Aug-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$22,866.00
7	Sep-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$21,866.00
8	Oct-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$20,866.00
9	Nov-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$19,866.00
10	Dec-11	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$18,866.00
11	Jan-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$17,866.00
12	Feb-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$16,866.00
13	Mar-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$15,866.00
14	Apr-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$14,866.00
15	May-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$13,866.00
16	Jun-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$12,866.00
17	Jul-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$11,866.00
18	Aug-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$10,866.00
19	Sep-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$9,866.00
20	Oct-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$8,866.00
21	Nov-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$7,866.00
22	Dec-12	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$6,866.00
23	Jan-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$5,866.00
24	Feb-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$4,866.00
25	Mar-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$3,866.00
26	Apr-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$2,866.00
27	May-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$1,866.00
28	Jun-13	\$1,000.00	\$225.00	\$1,225.00	\$122.50	\$1,347.50	\$866.00
29	Jul-13	\$866.00	\$225.00	\$1,091.00	\$109.10	\$1,200.10	\$0.00
		\$28,866.00					



# STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION  
DIVISION OF WATER  
MUNICIPAL GRANTS & LOANS PROGRAM

SEAN PARNELL, GOVERNOR

555 Cordova Street, 4<sup>th</sup> floor  
Anchorage, AK 99501-2617  
Phone: (907) 269-7502  
Fax: (907) 269-7509  
[www.dec.state.ak.us](http://www.dec.state.ak.us)

March 31, 2011

Attachment: B

Mr. Mark Kozak  
Public Works Director  
City of Kodiak  
2410 Mill Bay Road  
Kodiak, AK 99615

**RE: Inspection Vehicle Usage Rate & CH2M Hill Agreement - Approval**

Kodiak – UV Water Treatment Facility  
ADWF Loan No. 503061  
Kodiak – UV Secondary Water Treatment Facility  
ADEC Grant No. 50337

Dear Mr. Kozak:

I have reviewed the inspection vehicle usage rate for the UV Water Treatment project, and have determined a reimbursement rate of \$1,225 per month eligible under the subject grant and loan. The vehicle is a gas powered Ford F-150 ½ ton 4X4 Supercab that will be purchased by Ch2M Hill and leased to the City of Kodiak at a monthly rate of \$1,347.50. The leased costs include depreciation, insurance, financing and expense mark up. In addition to the vehicle lease cost (without the \$122.50 expense mark up), direct operation and maintenance costs (O & M) costs associated with use of the vehicle will be eligible.

As part of my usage rate review, the vehicle costs from a number of local vendors and Equipment Watch (an online equipment rental rate website) were compared, with the following monthly quotes obtained:

- Avis Rent-A-Car (Kodiak) - \$1,690.00 (Winter rate) & \$2,190.00 (Summer Rate)
- CH2MHill (Purchase/Lease Agreement) - \$1,347.50
- Kodiak Motors, Inc. (Kodiak) - \$1,285.70
- Equipment Watch (Alaska) - \$981.93
- Budget Rent-A-Car (Kodiak) - no trucks available to rent
- Rent-A-Heap (Kodiak) - no trucks available to rent

The January 14, 2011 Lease Agreement between the City of Kodiak and CH2MHill augments the existing construction management services agreement and details the vehicle purchase and lease details of \$1,347.50 per month under the *Vehicle Summary Table*. A vehicle usage rate of \$1,225 per month, along with O & M costs, was found eligible for loan participation. The ineligible difference in lease expenses, and the purchase cost of the vehicle at the end of this project are not eligible for reimbursement and will be paid for by the City.



# Capital Outlay Request

City of Kodiak



**Department:** Public Works Maintenance Shop, Gerald Pherson

**Division:** Public Works, Building Department

**Priority:**

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**Request:** F-150 1/2 ton PU 4x4 1FTZF1821WNB52981

**Estimated Cost:**

**Trade-In** Public Works # 8

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**Justification and/or  
Comments**

Public Works #8 has approximately 67,000 miles on the odometer. . It has been used by the building department since new.

The inner supports and sheet metal for bed has rusted through and the interior of the bed is starting to rust through also. The rear frame has severe rust issues and the cab had the rockers replaced in 2011. The steering and suspension have items that are worn. The engine transmission and interior are in fair condition

The mechanical parts of this vehicle are in fair condition. The rusting of the body and frame are the major issues for this vehicle. The bed is easily moved around without the support of the tailgate. I recommend Public Works #8 be replaced this fiscal year.





**CITY OF KODIAK**  
**CITY OF KODIAK**  
**FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**  
**VEHICLE / EQUIPMENT REPLACEMENT NOMINATION**  
**1 of 2 pages**

Costs are estimated at (check one)

Less than \$10,000

Greater than \$10,000

The Following Signatures are required:

Vehicle Maint. Supervisor \_\_\_\_\_

Department Head: \_\_\_\_\_

City Manger: \_\_\_\_\_

This purchase is requested to be funded in Fiscal Year	Fiscal Year :
Prepared by: Mark Kozak	Date: 4/20/2012
Department: Public Works	
Nomination Name:	

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Unit ID Number # 8	
Year – Make – Model 1998, Ford 150 4X4	
Engine Size – Fuel Type V-6, Gas	
Current Mileage 67,000	
Body Condition Fair	
License Plate No. XXY-709	
VIN or Serial Number <b>1FTZF1821WNB52981</b>	

**FUNCTION: WRITE A BRIEF SUMMARY OF HOW THIS UNIT HAS BEEN USED AND HOW OFTEN.**

This vehicle was purchased as part of the construction management contract during the WWTP upgrade. The construction manager used the vehicle for roughly 1 ½ years and when the project was completed the City purchased the vehicle. The Shop Supervisor used the vehicle for several years and then it was moved to the Building Department.

The Building Official uses the vehicle on a daily bases for inspection throughout the entire road system including Chiniak and Pasagshak.

**JUSTIFICATION: WRITE A BRIEF SUMMARY OF WHY THIS UNTI IS BEING REPLACED. INCLUDE ITEMS SUCH AS HISTORY, CONDITION ASSESSMENT, COSTS, USES, PUBLIC WORKS EVALUATION REPORT, ETC.**

I have included the evaluation completed by the Public Works shop and put together by the Shop Supervisor. The vehicle has numerous structural pieces on the bed and frame that are in poor condition do to rust. This vehicle was funded for replacement in the FY 2011 budget. Since we had the UV project going and we knew the vehicle the onsite project representative was using would be available at the end of the project we did not replace the vehicle at that time and were able to do some repair work to keep using it for another year.

**CITY OF KODIAK**  
**FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**  
**VEHICLE / EQUIPMENT REPLACEMENT NOMINATION**  
**2 of 2 pages**

Proposed Dispositions of Replaced Unit as Determined by Vehicle Maintenance Division (check one):

To General Fleet

To Surplus Sale

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Year – Make - Model	2010, Ford Super Cap F-150 4X4
Engine Size – Fuel Type	V-8, Gas
Number of Doors	4 doors
Seating Capacity	Six Adults
Specialty Items	N/A
Color , Police Package, Tires, Transmission, Etc.	Silver

REQUESTED NEW UNIT COSTS	
Basic Equipment Costs	\$
Specialty Equipment Cost	\$
Shipping Costs	\$
<b>Total Costs</b>	<b>\$13,866.00</b>

**OPERATIONAL COSTS:**

Attach a detailed spreadsheet describing the last five years' annual costs to operate this unit, including fuel consumption, maintenance materials, AND maintenance labor.