

**SUBJECT:** Award of contract number 26-143C to McKenna Brothers Paving Inc for the contract amount of \$1,232,145.33 for RSA 21 Big Lake Annual Road Maintenance.

**AGENDA OF: April 21, 2026**

**ASSEMBLY ACTION:**

**AGENDA ACTION REQUESTED:** Present to the Assembly for consideration.

Route To:	Signature
Purchasing Director	X <u>          R u s t i n   K r a f f t          </u> <small>Signed by: Rustin Krafft</small>
Public Works Director	X <u>          T o m   A d a m s ,   P E          </u> <small>Signed by: Tom Adams</small>
Finance Director	X <u>          C h e y e n n e   H e i n d e l          </u> <small>Signed by: Cheyenne Heindel</small>
Borough Attorney	X <u>          N i c h o l a s   S p i r o p o u l o s          </u> <small>Signed by: Nicholas Spiropoulos</small>
Borough Manager	X <u>          M i c h a e l   B r o w n          </u> <small>Signed by: Mike Brown</small>
Borough Clerk	X <u>          L o n n i e   M c K e n n a          </u> <small>Signed by: Lonnie McKenna</small>

**ATTACHMENT (S) :** Scope of Work (2 pp)  
 MSB 3.08.320 Waiver (1 pp)  
 Contract 26-143C (4 pp)

**SUMMARY STATEMENT:** The Matanuska-Susitna Borough contracts out annual road maintenance throughout the local road service areas. Contractors are to provide services to the Borough for all road assets approved for maintenance within the Road Service Area (RSA). Contract Services are comprised of three general activities: Routine Maintenance, Periodic Maintenance, and Public Construction.

Services purchased will support the Public Works Department in assembly district #5.

In accordance with Matanuska-Susitna Borough Code, a public bidding opportunity was issued for these services in February 2026. Following the solicitation, an award was forwarded to the assembly for approval which was not approved by the Borough Assembly.

In response to the original public solicitation, McKenna Brothers Paving, Inc, the current Big Lake RSA 21 service provider submitted the second lowest bid. MSB 3.08.240 requires an award to the lowest responsive and responsible bidder, making a recommendation for an award to the second lowest bid under the original solicitation not a workable option.

With the current contract set to expire on June 30, 2026, and the need to have a new contract in place prior to June 30, 2026 to ensure safe roadways, and avoid a repeat solicitation, an alternate method of contractor selection was sought. The Manager approved a waiver under MSB 3.08.320 in the best interests of the Borough.

Having previously issued a solicitation, affording any and all interested parties the ability to bid, and having received a favorable bid in terms of cost, the administration entered into direct negotiations with McKenna Brothers Paving Inc. to see if terms could be reached for McKenna Brothers to provide annual road maintenance services for the Big Lake RSA 21. Those negotiations resulted in an annual per-mile decrease of over \$4,000 (\$9,000/mile), saving the taxpayers of Big Lake RSA over \$400,000, reducing on-call equipment rates for additional maintenance activities, and reducing disaster-related equipment rental expenses should the need arise. Since favorable terms were reached with McKenna Brothers, the purchasing officer did not enter into negotiations with any other potential contractor and makes this recommendation for award.

The term length for this agreement is for one year with two additional one-year renewals (potentially three-year contract), subject to annual appropriation of funds by the Borough Assembly.

In accordance with MSB 3.08.170(B), Administration requests authority to modify the resulting contract completion date by 90 days for unforeseen circumstances.

The Public Works Department, Operations & Maintenance Division will be administering the contract

**RECOMMENDATION OF ADMINISTRATION:** Approve the subject action memorandum.

**MATANUSKA-SUSITNA BOROUGH**

**FISCAL NOTE**

Agenda Date: April 21, 2026

SUBJECT: Award of bid number 26-143C to McKenna Brothers Paving for the contract amount of \$1,257,635.73 to provide RSA 21 Big Lake Annual Road Maintenance.

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <b>YES</b> NO
AMOUNT REQUESTED \$1,257,635.73	FUNDING SOURCE RSA 21 Big Lake Operating Budget
FROM ACCOUNT # 277.000.000 4xx.xxx	PROJECT
TO ACCOUNT :	PROJECT #
VERIFIED BY: <u>X</u> <u>Liese I Zanto</u> <small>SIGNED BY: LIESE I ZANTO</small>	CERTIFIED BY:
DATE:	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Personnel Services						
Travel						
Contractual		1,257.6				
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>		<b>1,257.6</b>				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other		1,257.6				
<b>TOTAL</b>		<b>1,257.6</b>				

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) \*Subject to approval and adoption of the FY27 Budget

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_

 Recoverable Signature

X C h e y e n n e H e i n d e l

APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_  
Signed by: Cheyenne Heindel

**SECTION 102**  
**SCOPE OF WORK**

- 2.0 Description.** The work consists of performing year-round routine maintenance. Work may also consist of periodic maintenance or public construction that is approved by the Borough prior to commencement. The Contractor shall complete all work in accordance with the Contract.
- 2.1 Roads Approved for Maintenance.** The Borough's GIS dashboard (<https://matsugov.us/roads/maintenance>) identifies the road service area (RSA) boundary and the road maintenance classifications included in this Contract. Mileage shown in the bid documents is for road assets approved for maintenance within this Contract. The Borough shall provide written notification to the Contractor of any changes in approved service area road mileage or road maintenance classification. If the RSA contains a maintenance agreement with another entity (i.e. DOT, City of Wasilla, etc) that divides maintenance responsibilities, the contractor will be notified and respective maintenance will follow terms and definitions of this contract for the respective agreement.
- 2.2 Services.** The Contractor shall provide services to the Borough for all road assets approved for maintenance within the RSA to their classification and shall identify, prioritize, and plan services in accordance with the terms of this Contract. Services are comprised of three general activities as follows:
- A. Routine Maintenance.** Routine maintenance is the daily monitoring of road assets and the work required to conform to the Specifications for Road Maintenance.
    - 1. Routine Maintenance includes activities and response to conditions that are both predictable and unpredictable in nature.
    - 2. Payment for routine maintenance shall be made on a per mile basis as shown on the Bid Form.
  - B. Periodic Maintenance.** Periodic maintenance is work typically performed at certain intervals to provide protection, decrease the rate of deterioration, and preserve integrity of road assets.
    - 1. Periodic Maintenance must be timely completed which requires a written Task Order from the Borough prior to commencing work. The amount of the PO cannot be exceeded without the Borough's written approval.
    - 2. Periodic Maintenance is required to conform to the Specifications for Road Maintenance and the Alaska Department of Transportation & Public Facilities Standard Specifications for Highway Construction (2017).
    - 3. The annual quantity of Periodic Maintenance will be reallocated every contract year by the Borough to meet the needs of the RSA.
    - 4. Payment for Periodic Maintenance shall be made at the contract unit price for the quantity of authorized work completed and accepted during the billing cycle.
  - C. Public Construction.** Public Construction is work that includes rehabilitation, alteration, extension, or repair of roadways.
    - 1. Public construction requires written authorization in the form of a Task Order from the Borough prior to commencing work. The amount of the Task Order cannot be exceeded without the Borough's written approval.

2. The annual quantity of Public Construction will be allocated every contract year to meet the needs of the RSA.
3. Payment for Public Construction shall be made at the contract unit price for the quantity of authorized work completed and accepted during the billing cycle.
4. All Public construction, no matter the value of the Task Order, shall not pay less than the current prevailing wage rates as described in Alaska Statute 36.05.
5. Public Construction is required to conform to the Alaska Department of Transportation & Public Facilities Standard Specifications for Highway Construction (2017)

**2.3 Three (3)-Year Anticipated Work Plan.** The Borough shall provide the Contractor a Three-Year Anticipated Work Plan in a format determined by the Borough:

- A. By no later than 90 days after a complete Startup Condition Assessment has been received from the Contractor for the first contract year.
- B. Each year thereafter on or before March 1 of each contract year (if the contract is renewed).

**2.4 Additional Work.** The Borough may request Contractor to perform additional work. Contractor may provide a proposal for requested Additional Work to the Borough for acceptance, including a description of the work to be completed and the price. Compensation for Additional Work will be at the agreed price.

- A. Additional Work completed without the Borough's approval will not be paid.
- B. Nothing in this Contract is intended to restrict the Borough from hiring other contractors to perform Additional Work. The Borough may use other contractors to complete work.

**2.5 Equipment.** The Contractor's rates for equipment are shown in contract documents. Rates will cover per hour, with operator, and shall include the total amount the Borough will pay under every circumstance covered by this contract.

**2.6 Changes to Contract.** Changes to the Contract must be in writing and can only made by the Borough. Contractor shall not perform work on any road, bridge or pedestrian facility not shown on the GIS dashboard or specifically identified within this contract unless otherwise provided by written change order issued by the Borough. The Borough may adjust road mileage or modify any road maintenance classification by issuing a change order to the Contractor.



**MATANUSKA-SUSITNA BOROUGH**  
**PURCHASING DIVISION**  
**350 East Dahlia Avenue, Palmer, Alaska 99645-6488**  
**PHONE (907) 861-8601 • FAX (907) 861-8617**  
**EMAIL: [purchasing@matsugov.us](mailto:purchasing@matsugov.us)**

**MEMORANDUM**

Date: April 6, 2026

To: Michael Brown, Borough Manager

From: Russ Krafft, Purchasing Officer

Subject: Request for Waiver of Formal Bidding – RSA 21 Big Lake Annual Road Maintenance

The Borough previously issued a competitive solicitation for the RSA 21 Big Lake Annual Road Maintenance contract. Subsequently, the Borough Assembly voted down the award recommendation, effectively cancelling the solicitation.

With the current contract set to expire in June 2026 and a budget process started, the Borough has limited time to identify a budget and sign a contract for these critical services beginning July 1, 2026.

McKenna Brothers Paving, Inc. had submitted the second-lowest bid under the original solicitation and this presented an opportunity to negotiate a contract with them.

The Borough entered into negotiations with McKenna Brothers and was able to reach an agreement that resulted in additional savings beyond their bid submitted in response to the earlier solicitation. The pricing represents a substantial \$4000 per mile savings over the current rates and will be the second lowest per mile cost of any current contract. Additionally, the bidder has the support of the local Road Service Area Board.

The initial solicitation was open to all bidders, and reissuing the solicitation would likely not result in any substantial savings. McKenna Brothers has a proven track record of maintaining the Big Lake RSA as well as other RSAs in the Borough. Given these facts, it is in the best interest of the Borough to utilize the authority granted under MSB 3.08.320 and award a negotiated contract to McKenna Brothers Paving, LLC for the RSA 21 Big Lake Annual Road Maintenance. This contract will follow the same specifications and performance timeline as all other annual road maintenance contracts bid in 2026.

To ensure transparency and accountability, this action will be reported to the assembly through AM 26-033, as required by MSB 3.08.350.

APPROVE /  DISAPPROVE

Michael Brown Digitally signed by Michael Brown  
Date: 2026.04.06 12:46:49 -08'00'

Michael Brown, Borough Manager

Date

**CONTRACT 26-143C  
ROAD SERVICE AREA (RSA) 21 BIG LAKE ANNUAL ROAD MAINTENANCE  
ALL ZONES (1, 2, 3 & 4)**

**ANNUAL ROAD SERVICE AREA MAINTENANCE**

NEGOTIATED RATES FOR ROAD SERVICE AREA 21 (BIG LAKE) ANNUAL ROAD MAINTENANCE)

<b>SCHEDULE A: ROUTINE MAINTENANCE</b>					
Item No.	Work Description	Pay Unit	Est. Quant.	Unit Price	Amount
A-1	LEVEL 1	MILE	0.0		
A-2	LEVEL 2	MILE	21.8	\$ 12,000.00	\$ 261,600.00
A-3	LEVEL 3	MILE	79.9	\$ 12,000.00	\$ 958,800.00
A-4	LEVEL 4	MILE	1.5	\$ 12,000.00	\$ 18,000.00
<b>TOTAL BID (SCHEDULE A)</b>					<b>\$ 1,238,400.00</b>

<b>DEDUCTIVE ALTERNATE 1</b>					
Item No.	Work Description	Pay Unit	Est. Quant.	Unit Price	Amount
DA-1	Modify 5.01.6 d. to allow berms measured on the homeowner side of the driveway to be no more than 12 inches high on any portion for the full width of the driveway for Level 1, 2, and 3.	MILE	101.7	\$ 3,000.00	\$ 305,100.00
<b>TOTAL (SCHEDULE A MINUS DEDUCTIVE ALTERNATE 1)</b>					<b>\$ 933,300.00</b>

**ALL ZONES (1, 2, 3 & 4) CONTINUED ON THE FOLLOWING PAGE**

**CONTRACT 26-143 (CONTINUED)**

**ROAD SERVICE AREA (RSA) 21 BIG LAKE ANNUAL ROAD MAINTENANCE  
ALL ZONES (1, 2, 3 & 4)**

<b>SCHEDULE B: PERIODIC MAINTENANCE</b>					
<b>Item No.</b>	<b>Work Description</b>	<b>Pay Unit</b>	<b>Est. Quant.</b>	<b>Unit Price</b>	<b>Amount</b>
B-1	CRACK SEALING	POUND	38,150	\$ 1.60	\$ 61,040.00
670(2)	SINGLE STRIPE	MILE	35.8	\$ 850.00	\$ 30,430.00
670(3)	DOUBLE STRIPE	MILE	17.9	\$ 1,700.00	\$ 30,430.00
670(4)	TRANSVERSE PAVEMENT MARKING LINES	SQUARE FOOT	21,670	\$ 1.40	\$ 30,338.00
670(5)	TRANSVERSE PAVEMENT MARKING, WORDS AND SYMBOLS	EACH	12	\$ 270.00	\$ 3,240.00
B-2	CALCIUM CHLORIDE	TON	46.40	\$ 90.00	\$ 4,176.00
B-3	S. Gonder Road (1.0 mi)	EACH	4	\$ 100.00	\$ 400.00
<b>TOTAL (SCHEDULE B)</b>					<b>\$ 160,054.00</b>

**ALL ZONES (1, 2, 3 & 4) CONTINUED ON THE FOLLOWING PAGE**

**CONTRACT 26-143C  
ROAD SERVICE AREA (RSA) 21 BIG LAKE ANNUAL ROAD MAINTENANCE  
ALL ZONES (1, 2, 3 & 4)**

<b>SCHEDULE C: PUBLIC CONSTRUCTION</b>					
<b>Item No.</b>	<b>Work Description</b>	<b>Pay Unit</b>	<b>Est. Quant.</b>	<b>Unit Price</b>	<b>Amount</b>
202(4)	REMOVAL OF CULVERT PIPE	LINEAR FOOT	200	\$ 16.00	\$ 3,200.00
203(3)	UNCLASSIFIED EXCAVATION	CUBIC YARD	1,310	\$ 24.00	\$31,440.00
203 (27)	DITCH LINEAR GRADING	STATION	178	\$ 90.00	\$ 16,020.00
301(1)	AGGREGATE BASE COURSE, GRADING D-1	TON	190	\$ 29.00	\$ 5,510.00
301(3)	AGGREGATE SURFACE COURSE, GRADING E-1	TON	890	\$ 26.00	\$ 23,140.00
302(2)	AGGREGATE FOR SUBGRADE MODIFICATION	CUBIC YARD	1,056	\$ 31.00	\$ 32,736.00
302(3)	PROCESSING FOR SUBGRADE MODIFICATION	STATION	5	\$ 220.00	\$ 1,100.00
303(1)	RECONDITIONING	STATION	148	\$ 90.00	\$ 13,320.00
401(1)	HMA, TYPE II, CLASS B	TON	200	\$ 125.00	\$ 25,000.00
401(18)	REPAIR UNSTABLE PAVEMENT	SQUARE YARD	276	\$ 34.00	\$ 9,384.00
603(1-12)	CSP 12 INCH	LINEAR FOOT	470	\$ 60.00	\$ 28,200.00
603(1-18)	CSP 18 INCH	LINEAR FOOT	120	\$ 80.00	\$ 9,600.00
603(1-24)	CSP 24 INCH	LINEAR FOOT	200	\$ 120.00	\$ 24,000.00
630(1)	GEOTEXTILE, SEPARATION	SQUARE YARD	840	\$ 2.10	\$ 1,764.00
640(1)	MOBILIZATION AND DEMOBILIZATION	CONTINGENT SUM	ALL REQ'D		\$12,000.00
641(5)	EROSION AND SEDIMENT CONTROL BY DIRECTIVE	CONTINGENT SUM	ALL REQ'D		\$1,000.00
643(2A)	TRAFFIC MAINTENANCE	CONTINGENT SUM	ALL REQ'D		\$6,000.00
643(15A)	FLAGGING	CONTINGENT SUM	ALL REQ'D		\$2,080.00
<b>TOTAL(SCHEDULE C)</b>					<b>\$ 245,494.00</b>

**ALL ZONES (1, 2, 3 & 4) CONTINUED ON THE FOLLOWING PAGE**

**CONTRACT 26-143C  
ROAD SERVICE AREA (RSA) 21 BIG LAKE ANNUAL ROAD MAINTENANCE  
ALL ZONES (1, 2, 3 & 4)**

<b>EQUIPMENT RATE SCHEDULE FOR ADDITIONAL WORK</b>			
<b>Equipment Description</b>	<b>Pay Unit</b>	<b>MSB Hourly Rate</b>	<b>Contractor Hourly Rates</b>
MOTOR GRADER 150 HP	HOUR	\$165	\$165
D3 CATERPILLAR OR EQUAL DOZER WITH 6-WAY BLADE	HOUR	\$125	\$125
WHEEL LOADER 4 YD ARTICULATING	HOUR	\$125	\$125
DUMP TRUCK 10 YD TANDEM AXLE	HOUR	\$125	\$125
CATERPILLAR 315 OR EQUAL EXCAVATOR 1/2 YD BUCKET	HOUR	\$150	\$150
CATERPILLAR 330 OR EQUAL EXCAVATOR 1-1/2 YD BUCKET	HOUR	\$150	\$150
SELF PROPELLED VIBRATORY COMPACTOR 60 IN DRUM	HOUR	\$100	\$100
TRACTOR, 2 AXLES WITH TRAILER (14 WHEELS)	HOUR	\$100	\$100
TRACTOR, 2-AXLES WITH TRAILER (18 WHEELS)	HOUR	\$100	\$100
ROADSIDE BRUSHING TRACTOR WITH ARTICULATING BOOM	HOUR	\$100	\$100
MOTORIZED VACUUM STREET SWEEPER	HOUR	\$140	\$140
COMBINATION VACUUM TRUCK	HOUR	\$350	\$350
LABORER, GENERAL	HOUR	\$75	\$75

**ALL ZONES (1, 2, 3 &4) CONTINUED ON THE FOLLOWING PAGE**