



## **KENAI PENINSULA BOROUGH**

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**BOROUGH ASSEMBLY**

### **MEMORANDUM**

**TO:** Pete Sprague, Assembly President  
Members, Kenai Peninsula Borough Assembly

**FROM:** Gary Knopp, Assembly Member *GK*

**DATE:** November 17, 2009

**SUBJECT:** Ordinance 2009-53, authorizing the purchase of vehicle maintenance equipment from Chumleys, Inc. for Central Emergency Services and Waiving the Filing of a Notice of Intent to do Business for the August, 2009 purchase of this equipment

As described in this ordinance Chumley's, Inc. provided equipment vehicle maintenance services for Central Emergency Services ("CES") for approximately the last 15 years. This service required specialized equipment and Chumley's, Inc. purchased new equipment in 2004 and 2009 to continue providing these services for CES. Chumley's, Inc. terminated the contract with CES for vehicle maintenance as of June 30, 2009, because the president of Chumley's, Inc. was hired as the chief of staff for the Kenai Peninsula Borough. KPB 2.58.030 provides that a contract between an employee and the borough that began before the employment began may continue and not be considered a conflict of interest.

At the end of Chumley's, Inc. contract CES hired a mechanic to service its equipment and emergency response vehicles and needed appropriate maintenance and diagnostic tools. CES asked Chumley's, Inc. if it would sell the maintenance equipment to CES and Chumley's, Inc. offered to sell it for \$18,000. The purchasing department diligently reviewed the proposal and determined that the market price for such equipment new would be approximately \$35,000. Purchasing the equipment from Chumley's at \$18,000 was considered to be in the best interest of the borough as it would save approximately \$17,000.

The chief of staff for the borough and president of Chumley's, Inc., was not aware of the requirement that a notice of intent to do business with the borough be filed with the borough before entering into this contract. To the best of his knowledge all requirements had been satisfied. Once he learned of this requirement that had not been met, he immediately refunded the borough the \$18,000 and attempted to donate the equipment to the borough.

While the intent to do business is important as it provides notice to the public that the person involved in the contract is a borough officer or employee, the borough's best interest would be served by purchasing this equipment from Chumley's, Inc. in this case as the equipment is on-site and the price would save money for the borough. Also, accepting a donation of the equipment to the Kenai Peninsula Borough would cost Chumley's, Inc. over \$18,000 as the equipment is worth at least that amount. This is an overly harsh punishment for the failure to file this form. In order to rectify this unfortunate situation I believe it is appropriate for the assembly to excuse this requirement this one time, not accept the donation of the equipment from Chumley's, and instead purchase the equipment from Chumley's, Inc. for \$18,000.

Your consideration is appreciated.

FINANCE DEPARTMENT  
FUNDS VERIFIED  
211.51610.00000.48311 \$14,000.00  
ACT # 211.51610.00000.48740 \$4,000.00  
BY: CSW DATE: 11/17/09