



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 527-2023

Meeting Date: July 11, 2023

1 **FROM: MAYOR**

2  
3 **SUBJECT: AMENDMENT NO. 2 TO CONTRACT WITH ROGER HICKEL**  
4 **CONTRACTING, INC. (RHC) TO PROVIDE GENERAL CONTRACTING**  
5 **(GC) SERVICES FOR CAPITAL IMPROVEMENT PROJECTS FOR THE**  
6 **MUNICIPALITY OF ANCHORAGE (MOA), MERRILL FIELD AIRPORT**  
7 **(MFA) (\$4,576,632.00).**  
8

9 In April 2020, the MFA received Coronavirus Aid, Relief, and Economic Security (CARES)  
10 Act funding from the Federal Aviation Administration (FAA). MFA then developed a plan  
11 to spend \$6,860,000 of their awarded CARES Act funding on construction required to  
12 complete repair and maintenance items on (up to) eleven MRI-owned buildings. The  
13 CARES Act funding will expire on May 10, 2024, so the Construction  
14 Management/General Contractor (CM/GC) process (also known as Construction  
15 Manager at Risk, or CMAR) was chosen to expedite the projects to meet the deadline.  
16

17 At the request of MFA, MOA Purchasing solicited proposals to provide CM services for  
18 the various airport improvement projects. Of the four proposals submitted, RHC scored  
19 the highest, so a Professional Services CM contract was awarded to them with a Not to  
20 Exceed (NTE) amount of \$46,896.00. No Assembly approval was required for the CM  
21 contract, but since subsequent construction is usually much higher, Assembly approval  
22 is normally required for any GC amendments.  
23

24 With a CM/GC contract, the complete award comes in two phases; an initial CM  
25 professional services contract and a later possible GC construction amendment. The  
26 Scope of Work for a GC contract is to provide consultation to the Design firm as to  
27 constructability, material availability, preferred means and methods discussions for  
28 accomplishing the work, etc. The purpose is to reduce both later construction Change  
29 Order costs and the time required to make the changes. Improvements and errors are  
30 corrected during design rather than in later construction.  
31

32 When the design reaches 95%, the CM contractor may submit a Guaranteed Maximum  
33 Price (GMP) for construction, which is verified by a third-party estimator. At that time, the  
34 MOA may choose to either add a GC contract amendment for construction or end the CM  
35 contract and issue an Invitation for Bid.  
36

37 The Design firm, HDL, contracted with Estimations Inc. to provide construction cost  
38 estimates at each submittal phase to be used as a basis for negotiation with the RHC.  
39 The estimate for the Building 800, Airport Manager's office project was completed and a  
40 mutually agreed price of \$892,946.00 was negotiated with RHC and has been reflected  
41 under Amendment 01. The estimates for Building 1025 Orca Street and the three airport  
42 Pilot Shelters have also been completed and a mutually agreed price of \$4,221,167.00  
42 and \$355,465.00 (respectively) was negotiated with RHC.  
43

44 On April 21, 2023, MFA met with members of the MOA Assembly at the Enterprise Utility

45 Oversight Committee (EUOC) and determined that a guaranteed maximum price (GMP)  
46 for each building must be negotiated, accepted, and presented for Assembly approval  
47 before construction may begin on each building. Be advised that this may extend the  
48 overall timeline to the point that some of the projects on the attached Department  
49 Memorandum will not meet the grant deadline and will not be completed. It is  
50 recommended that when the next AM is submitted, that approval of Not to Exceed prices  
51 for all remaining projects be considered.

52 Based upon the above information and attached Department Memorandum, it is  
53 recommended that the Assembly approve Amendment No. 2 for construction services on  
54 Building 1025 Orca and the three airport Pilot Shelters for a combined GMP of  
55 \$4,576,632.00. This will increase the total contract amount to \$5,469,578.00.

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57  
58 Recommended by: Rich Sewell, Merrill Field Airport Manager

59 Concurrence: Rachelle A. Alger, Purchasing Director

60 Fund Certification: Alden Thern, Acting CFO

61 580910 – AP00060 – 530360 - \$4,576,632.00

62 Concur: Kent Kohlhase, P.E., Municipal Manager

63 Respectfully submitted: Dave Bronson, Mayor