



Municipality of Anchorage

Dave Bronson, Mayor

---Merrill Field Airport---

Date: July 18, 2023

To: EUOC, Assembly members

Fr: Rich Sewell, Airport Manager

Re: AM 527-2023, Amendment #2 for Roger Hickel Contracting, Inc. (RHC) to provide general Contracting Services for Capital Improvement Projects (\$4,576,632) at Merrill Field

The Assembly asked me to provide Not-To-Exceed (NTE) firm prices for each building project before approval to proceed would be granted by the Assembly. Thus, each additional building requires an amendment to the RHC contract. The initial RHC contract amount of \$46,896 was for **Construction Manager Services (CM)** or pre-construction services including assistance in the design of the project by providing input on constructability, risk, safety, scheduling, and cost reconciliation for each building. The **General Contractor Services (GC)** costs are listed below for contract Amendments #1 and #2.

The Construction Manager (CM) / General Contractor (GC) process is a collaborative process. The construction NTE firm prices were negotiated with the mediation assistance of Jay Lavoie, Estimations, Inc., an independent third-party estimator. Through the CM/GC process I provided a negotiated NTE firm price for Building 1 on 5-9-2023 (Amendment #1). Now I am providing the negotiated NTE firm prices for four additional buildings owned by Merrill Field including 1025 Orca Street and three pilot shelters. Amendment #2 covers these four buildings.

General Contractor Services (GC)

Building 1 – Work Package 1: 800 Merrill Field Drive (3,000 SF) – RHC Amendment #1

Cost: \$892,946.00

Cost Breakdown by Trade (approximate):

Division 1 - General Conditions: \$237K

Division 2 – Site Work: \$40K

Division 6 – Woods and Plastics: \$32K

Division 7 – Thermal/Moisture Protection: \$317K

Division 9 – Finishes: \$49K

Division 15 – Mechanical: \$29K

Division 16 – Electrical: \$50K

Expendables/Contingency/Bond Fees/Insurance/Contractor's Fee: \$138K

Cost reconciliation between third-party cost estimator and contractor occurred on 3-13-2023. General Scope: Repairs to the Airport Manager's Office (800 Merrill Field Drive) primarily include replacement of the existing failing roof system, some electrical work, and some exterior repairs (including siding and paint).

Assembly Memorandum Approval: AM 367-2023 on 5-9-2023

Building 2 – Work Package 2: 1025 Orca Street (23,000 SF) – RHC Amendment #2

Cost: \$4,221,467.00

Cost Breakdown by Trade (approximate):

Division 1 - General Conditions: \$890K

Division 2 – Site Work: \$412K

Division 5 – Metals: \$168K

Division 6 – Woods and Plastics: \$37K

Division 7 – Thermal/Moisture Protection: \$721K

Division 8 – Doors and Windows: \$447K

Division 9 – Finishes: \$445K

Division 10 – Specialties: \$17K

Division 15 – Mechanical/Sprinkler System: \$177K

Division 16 – Electrical: \$216K

Expendables/Contingency/Bond Fees/Insurance/Contractor's Fee: \$691K

Cost reconciliation between the third-party cost estimator and contractor occurred on 5-25-2023.
General Scope: Replacement of exterior doors and windows, construction of new suite entry canopies, improvements to the siding (including paint), mechanical/sprinkler system, and electrical construction.

Building 3 – Work Package 3: Pilot Shelters (Alpha – 110 SF, Whiskey – 110 SF & Campground – 160 SF) – RHC Amendment #2

Cost: \$355,465.00

Cost Breakdown by Trade (approximate):

Division 0 – Contract Requirements: \$2.5K

Division 1 - General Conditions: \$27K

Division 2 – Site Work: \$14K

Division 5 – Metals: \$107K

Division 6 – Woods and Plastics: \$19K

Division 7 – Thermal/Moisture Protection: \$24K

Division 8 – Doors and Windows: \$15K

Division 9 – Finishes: \$32K

Division 16 – Electrical: \$50K

Expendables/Contingency/Bond Fees/Insurance/Contractor's Fee: \$65.5K

Cost reconciliation between the third-party cost estimator and contractor occurred on 6-7-2023.
General Scope: Work includes product replacement, exterior improvements (paint), stairs, electrical, and other improvements to each pilot shelter.

Attached items include:

1. Merrill Field Airport, Record of Negotiation for Building 800 Merrill Field Drive
2. Merrill Field Airport, Record of Negotiation for Building 1025 Orca Street
3. Merrill Field Airport, Record of Negotiation for Three Pilot Shelters
4. CM/GC Process flowchart

**MERRILL FIELD AIRPORT
RECORD OF NEGOTIATION FOR BUILDING 800**

This record of negotiation for the repair work that is scheduled to take place this summer on the Administration building located at 800 Merrill Field Drive was administered and recorded by Steve Fishback. Jay Lavoie is the estimator for the third party review conducted by Estimations and Kris Squires is the construction manager for the contracting firm of Roger Hickel Contracting (RHC).

The construction manager provided the General Contractor's cost based on construction documents dated February 14, 2023. The cost estimate was emailed to Steve Fishback on March 3, 2023 and indicated a construction cost of \$896,131.00

The cost estimator prepared separate construction cost estimates based on construction documents dated February 14, 2023. The initial third party estimate was dated March 9, 2023 and identified a total estimated construction cost of \$735,482.00. The estimate identified a number of questions regarding both the documents and the contractor's approach. The designer's questions were answered by the consultant team and Steve Fishback asked the CM the questions the estimator had for the contractor. Through these discussions it was also discovered the CM included 60 hour work weeks due to the limited time available for all tasks within this project. The added overtime was accounted for in the revised estimate. With those questions answered, the estimator revised his number on March 13, 2023 to \$889,761.00, reducing the difference between the two estimates to \$6,370.00.

On March 13, 2023, Steve Fishback sent an email to both RHC and Estimations suggesting the \$6,370.00 difference between the estimates be split with RHC reducing their cost by \$3,185.00 and Merrill Field/Estimations, increasing by \$3,185.00 for a negotiated cost of \$892,946.00.

This number was agreed upon by all parties and has now become the Not-to-Exceed construction cost for building 800.



Steve Fishback

Steve Fishback Architect

Jay N Lavoie

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Jay Lavoie

Estimations Inc.



Scott Dunlap

Roger Hickel Contracting Inc.

**MERRILL FIELD AIRPORT
RECORD OF NEGOTIATION FOR BUILDING 1025**

This record of negotiation for the repair work that is scheduled to take place this summer and fall on the office/warehouse building located at 1025 Orca Street was administered and recorded by Steve Fishback. Jay Lavoie is the estimator for the third party review conducted by Estimations and Kris Squires is the construction manager for the contracting firm of Roger Hickel Contracting (RHC).

The construction manager provided the General Contractor's cost based on construction documents dated May 3, 2023. The cost estimate was emailed to Steve Fishback on May 18, 2023 and indicated a construction cost of \$4,816,801.00.

The cost estimator prepared separate construction cost estimates based on construction documents dated May 3, 2023. The initial third party estimate was dated May 12, 2023 and identified a total estimated construction cost of \$2,470,318.00. The estimate identified a number of questions regarding both the documents and the contractor's approach. Questions regarding the design were answered by the consultant team and Steve Fishback. Estimations' questions pertaining to construction were passed on to RHC by Steve Fishback and addressed by Kris Squires. Through these discussions it was also discovered the CM included more under siding preparation than required. This included weather barrier and leveling existing rough exterior CMU preparation was reduced as well as some administrative involvement. It was also discovered that due to long lead building components much of the work would be delayed until later in the fall/winter, requiring temporary heating and lower worker efficiencies. These supply chain delays and winter construction were factored into the estimator's costs. Following these discussions, the estimator and CM came back on May 25, 2023 with revised estimates of \$3,972,248.00 and \$4,221,167.00. These costs leave a difference of \$248,919.00 which is approximately a 5.5% difference between the estimates.

Other governmental organizations have recognized the inability of cost estimators and contractors to always fully agree on the projected cost to complete a project. We have discovered it is generally considered agreeable if the two parties can reach a point that is 5%-10% apart from each other. With that guide we are recommending acceptance of the \$4,221,167.00 construction cost. This approach to largely agree on the construction cost was accepted by Estimations and the RHC Construction Manager, who have indicated acceptance below.



Steve Fishback
Steve Fishback Architect



Date



Jay Lavoie
Estimations Inc.

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Date



Scott Dunlap
Roger Hickel Contracting Inc.



Date

**MERRILL FIELD AIRPORT
RECORD OF NEGOTIATION FOR THREE PILOT SHELTERS**

This record of negotiation for the repair work that is scheduled to take place this summer and fall on three small pilot shelter structures located on the Merrill Field Airport was administered and recorded by Steve Fishback. Jay Lavoie is the estimator for the third party review conducted by Estimations and Kris Squires is the construction manager for the contracting firm of Roger Hickel Contracting (RHC).


The construction manager provided the General Contractor's cost for the Campground Shelter based on construction documents dated May 1, 2023. The cost estimate was emailed to Steve Fishback on June 5, 2023 and indicated a construction cost of \$186,915.00. Similarly, the Alpha and Whisky Shelters were dated May 11, 2023 and were received June 5, 2023. The Construction Manager's cost for the Alpha Shelter was \$95,217.00 and the CM's cost for the Whisky Shelter was \$73,333.00. Combined, the Alpha and Whisky Shelters had a composite cost of \$168,550.00 and with the Campground Shelter, the composite rate for the three shelters was \$355,465.00.

The cost estimator prepared separate construction cost estimates for the three shelters based on the Campground Shelter construction documents dated May 1, 2023. The initial third party estimate for the Campground Shelter was dated June 6, 2023 and indicated a cost of \$149,190.00. The estimator's cost for the Alpha Shelter was \$99,838.00 and the cost for the Whisky Shelter was \$69,218.00. Combined, Alpha and Whisky Shelters had a composite cost of \$169,056.00. The estimator's composite cost of the three shelters was \$318,246.00. Through email discussions identifying the cost differences between the estimates we found the differences were limited to a few areas. The CM's cost of the new steel stairs were direct fabricators costs from two different fabricators, the lowest of the two was about \$13,000 more than Estimations' estimated cost. The cost of the replacement windows was significantly higher than estimated, but again found to be a competitive cost to the CM from local suppliers. The Campground Shelter flooring was originally not scheduled to be replaced but was added after it was noticed the amount of wear and mold growth on the very old carpet. This scope change added \$12,000 to the project cost. After these changes were made the estimator's cost was adjusted to \$353,596.00, which is within 0.5% of the Construction Manager's suggested cost.

The composite cost of \$355,465.00 for the three Pilot Shelters was agreed upon by all parties June 7, 2023.



Steve Fishback
Steve Fishback Architect


Date


Jay N Lavoie
Estimations Inc.

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Scott Dunlap
Roger Hickel Contracting Inc.


Date

CM/GC Process

Phase I – CM Sub-process

