FROM: MAYOR

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

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

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

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

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

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

On April 21, 2023, MFA met with members of the MOA Assembly at the Enterprise Utility
Oversight Committee (EUOC) and determined that a guaranteed maximum price (GMP) for each building must be negotiated, accepted, and presented for Assembly approval before construction may begin on each building. Be advised that this may extend the overall timeline to the point that some of the projects on the attached Department Memorandum will not meet the grant deadline and will not be completed. It is recommended that when the next AM is submitted, that approval of Not to Exceed prices for all remaining projects be considered.

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

Recommended by: Rich Sewell, Merrill Field Airport Manager
Concurrence: Rachelle A. Alger, Purchasing Director
Fund Certification: Alden Thern, Acting CFO
Concur: Kent Kohlhase, P.E., Municipal Manager
Respectfully submitted: Dave Bronson, Mayor