

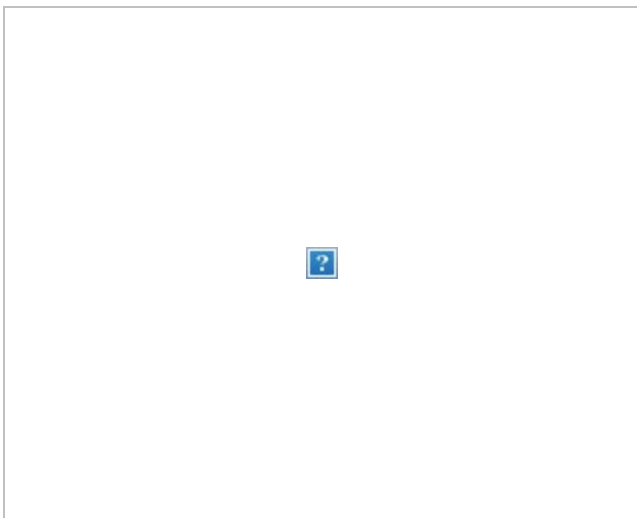
From: [Daley, John C.](#)
To: [Armstrong, James R.](#); [Alger, Rachelle](#)
Cc: [Clark, Melanie A.](#); [Ribuffo, Stephen](#); [Ovsepyan, Kimberly E](#); [Rhodes, Michael .D.](#); [O'Malley, Willie B.](#); [Schimscheimer, Mark](#)
Subject: RE: AO No. 2023-108
Date: Wednesday, November 8, 2023 1:43:42 PM
Attachments: [image003.png](#)

Rachelle,

I would echo Mr Armstrong's comments and agree with them all. In addition, I would note that there may be an underlying theme or reason to the AO which is to communicate full costs to the Assembly for approval prior to beginning work. While that is understandable one of the primary purposes to CMGC (as well as progressive design build) is to establish better scope, schedule, and cost certainty up front. This better definition happens after an initial collaboration phase and typically prior to final contract agreements and heavy construction. Both CMGC and Progressive Design Build have been studied by various agencies within Federal, State, and Local Governments and found to have merit. It may be worth more study on this industry body of knowledge prior to making changes to an established system.

Thanks

John



From: Armstrong, James R. <James.Armstrong@awwu.biz>
Sent: Wednesday, November 8, 2023 11:59 AM
To: Alger, Rachelle <Rachelle.Alger@anchorageak.gov>
Cc: Clark, Melanie A. <melanie.clark@anchorageak.gov>; Ribuffo, Stephen <steve.ribuffo@anchorageak.gov>; Daley, John C. <John.Daley@anchorageak.gov>; Ovsepyan, Kimberly E <Kimberly.Ovsepyan@anchorageak.gov>; Rhodes, Michael .D. <Michael.Rhodes2@anchorageak.gov>; O'Malley, Willie B. <Willie.O'Malley@awwu.biz>; Schimscheimer, Mark <wwmas1@awwu.mail.onmicrosoft.com>
Subject: AO No. 2023-108

Rachelle,

Thank you for the opportunity to meet, discuss, review and comment on the proposed AO.

The last paragraph prior to introduction of the AMC Title 7 modifications states that the purpose of ordinances is to “bring them within the purview of Assembly approval and reporting requirements” with them being the contract types of GM/GC (aka CMAR) and revenue generating contracts via use of municipal facilities. In my opinion, Title 7 if followed correctly, already satisfies the purported purpose of this AO for CMAR contracts.

In my position as a project manager who is utilizing two CMAR contracts, you asked for my input on this AO regarding the conditions placed upon the process and if this AO will cause any concerns in how CMAR contracts are used in the future.

For the most part it appears that this AO will modify Title 7 to reduce the threshold from \$150,000 to \$0.01 before Assembly approval of a CMAR contract is required. In addition, it will add one more additional step for the Purchasing Director to publish information on construction costs. I’m a bit confused if item 1.b.ii adds an additional Assembly hearing to the approval process or if that hearing is the normal hearing when the Assembly meets and approves awards for contracts. These additional steps will add time and cause projects execution times to increase.

My comment on this AO is more in how it seems to be trying to inform the Assembly about constructions costs at a time of substantial imprecision. In reality, it appears to cause delays and introduces the potential for future confusion and contention as scope, costs and impacts become better defined.

Under current AMC Title 7, for CMAR contracts that haven’t been approved by the Assembly (under \$150k), any future increases to the contract without Assembly approval is limited to an additional 25% of the original contract value, which is less than \$37,500. This minimal amount of money would not be enough to forgo Assembly approval to add million-dollar plus construction services to the contract and thus the Assembly has a clearly defined point to investigate, research, analyze, accept and/or reject the contract if they so desired.

If it is the Assembly’s desire to understand what construction costs their contract approvals lead to, then it shouldn’t be limited to CMAR contracts. The reasoning here is best explained by providing an example such as when the Assembly approves a design contract for \$250,000, this often leads to a construction contract of \$1,000,000 or more. The Assembly isn’t being asked to be made aware of the construction costs at the time of the award of the design contract, so why are they asking for it here at the start of design with a CMAR contractor? The addition of the construction costs at the time of the CMAR contract award is based upon a “municipal official” for a design that hasn’t started and is not a bid and shouldn’t be considered accurate. In my CMAR contract (PO 2023002536) with Frawner Corporation, we have already seen design change recommendations that have the potential to reduce the construction cost by \$1M or more and represents a better estimate than what a “municipal official” could provide at the CMAR award stage and we haven’t even completed the first

portion of the contract.

Generally speaking, this AO might be improved if more consideration was put forth to align with governmental and industry standards that are discussed at length in the [Associated General Contractor of America's published guidelines for CM/GC for Public Owners](#).

There are advantages to using CMAR contracts that are beneficial that cannot be adequately addressed in an email, but by putting barriers in places that won't achieve the stated results and that are duplicative, it will drive innovative contract mechanisms to the side and the MOA may suffer as a result.

Regards,



James Armstrong, P.E.

Project Manager – Engineering Division

Acting Capital Program Manager (10/30/23 – 11/19/23)

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