Memorandum

The Boutet Company, Inc.
601 E 57th Place, Suite 102
Anchorage, Alaska 99518

(907) 522.6776 (O)
(907) 270.6767 (D)
(907) 230.0525 (M)
tjacobson@tbcak.com

To: Kent Kohlhase, PE, Acting Anchorage Municipal Manager

From: Todd Jacobson, PE, TBC Project Manager

Subject: Navigation Center - Roger Hickel Contracting Invoice Review
MOA Contract No. C-2022001049

Date: January 27, 2023

Purpose of Memorandum

The Municipality of Anchorage contracted with The Boutet Company, Inc. (TBC) as an independent third-party to review the invoice submitted by Roger Hickel Contracting, Inc. (RHC) on December 16, 2022 to the Municipality of Anchorage (MOA) requesting payment for materials, equipment and labor associated with the partial construction of the Navigation Center located at 4501 Elmore Road. The intent of this review is to verify the work completed to date, costs of equipment and materials either installed on-site or delivered to the MOA, and all associated labor costs.

This review provides an additional assurance to the MOA that the invoices and job cost reports submitted by RHC are complete and accurate. This memorandum describes the methodology and steps taken and provides a description of tasks, items, and actions that were assumed or excluded in this review effort.

Methodology

TBC met individually with MOA staff, the project manager from RHC as well as the design team project manager to get clarification on the roles and responsibilities of each. TBC was provided with all the project documents, job cost reports, invoices, construction submittals, etc. from the MOA, RHC and the design team to support all approved work defined in Work Package No's 1 thru 9.

TBC thoroughly reviewed all Work Packages (WP) associated with the project to become familiar with and obtain a better understanding of the project scope. Some of the WP's included cost estimate work breakdowns which were reviewed to verify that the labor and equipment proposed to be utilized fit the task requirements. In addition, unit and lump sum prices used to develop the cost estimates were verified to assure that they met present marketplace values. The review also included subcontractor pricing. Each item on RHC's job cost report was verified by a corresponding invoice, receipt, or other backup documentation.

The design team project manager verified that each construction submittal was reviewed and approved by the design architect/engineer for accuracy and compliance with the approved design and that no materials, equipment or supplies were ordered without prior approval.

Assumptions/Exclusions

- It is assumed that all materials listed on the invoices have been delivered and are in the possession of the MOA, except for the Sprung structure. TBC did not physically inventory these items.
- Sprung Structures has agreed to store the structure at no cost until May 1, 2023. The MOA will incur future expenses not listed here for the continued storage, shipping, and delivery of the Sprung Structure.
- It is assumed that all material orders and subcontracts have been terminated and all outstanding liabilities have been settled.
- It is assumed that all labor costs are complete and accurate as listed on the job cost report. TBC did not audit payroll and/or timesheet data.
- It is assumed that the site work completed to date is complete and accurate as reported by the RHC project manager. TBC did not complete a site inspection due to snow cover.

Findings

Per MASSB Article 5.30, a Notice of Termination was issued to the contractor on November 3, 2022. At that time RHC notified the suppliers and subcontractors and canceled all orders to the extent possible. Some of these orders incurred a restocking fee, while others could not be cancelled as they were already processed and enroute to Anchorage. RHC is in the process of settling all liabilities with the suppliers and subcontractors. All equipment and materials that have been delivered are in the possession of the MOA. All design plans, drawings, specification, submittals, etc. have been transferred to the MOA. The project site has been stabilized and is under the control of the MOA. TBC confirmed with RHC and the MOA that items outlined in Article 5.30 items 1-7 were adequately addressed.

The following table summarizes the work included in the Professional Services Contract and Work Packages, brief description of the work, approved cost proposal amounts, and approved invoice amounts provided by RHC. It should be noted that RHC did not include any additional markup on equipment, materials, or services beyond what is allowed per MASS B: Article 5.30.

WP No.	WP Name	Description	Approved Cost Proposal	Approved Invoice Amount
N/A	Pre-Construction Services	Professional Services Contract with RHC for Pre-Construction Services	$ 50,000.00	$ 25,000.00
		Paid Invoice #5395 & #5345		*($ 25,000.00)*
1	Sprung Structures Engineered Drawings	Provide engineered stamped drawings for review and use	$ 17,796.71	$ 17,796.71
2	Sprung Structure Procurement	Provide approved Sprung Structure	$ 2,390,975.09	$ 2,390,975.09
		Paid Invoice #5337		*($ 2,000,000.00)*

WP No.	WP Name	Description	Approved Cost Proposal	Approved Invoice Amount
3	Long Lead MEP Items	Order long-lead time mechanical, electrical, and plumbing materials	$ 763,920.46	$ 213,747.04
		Sale of HRV Unit to SWS Project		*($ 11,567.60)*
4	Long Lead Electrical Items	Order long-lead time electrical materials	$ 245,466.18	$ 243,295.06
5	Long Lead Plumbing Items	Order long-lead time plumbing materials	$ 169,232.27	$ 169,232.27
6	Salvage Canopy	Salvage existing canopy structure and transport behind APD's buildings	$ 33,935.00	$ 27,115.16
7	Site Fill and Utilities	Construct site civil improvements to complete 'Certified Pad'	$ 3,167,489.00	$ 735,061.25
8	Building Foundation	Construct foundation improvements to complete 'Anchor Bolts Down' package	$ 1,343,811.00	$ 87,055.27
9	Long Lead MEP Items Revision	Revised order for long-lead time mechanical, electrical, and plumbing materials	($ 185,149.42)	$ 0.00
		Subtotal:	$ 7,997,476.29	$ 1,872,710.25
Allowable Markup (15%) for WP No.'s 1 thru 9 per MASS B: Article 5.30 (excludes Pre-Construction Services markup)			$ 1,192,121.44	$ 582,641.68
		Total:	$ 9,189,597.73	**$ 2,455,351.93**

Opinion and Conclusions

The invoice total submitted by RHC on December 16, 2022 is $2,459,101.92. Based on our review of RHC's actual costs to date and allowable markups, the invoice total is calculated to be $2,455,351.93 for a reduction of $3,749.99. It is our overall opinion that the invoice submitted to MOA by RHC is complete and accurate and the costs are reasonable for this type and scale of construction.

Please do not hesitate to contact Todd Jacobson, TBC Project Manager, at 907.230.5025 if you have any questions.