

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2020-05

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH F & W CONSTRUCTION COMPANY FOR THE CONSTRUCTION OF THE LIBRARY IMPROVEMENTS PROJECT FOR \$6,903,481

WHEREAS, the Library Expansion Project was proposed and adopted as a Capital & Major Maintenance Plan component; and

WHEREAS, Council has appropriated funds into a Capital Budget to create the Project; and

WHEREAS, the City contracted with ECI Hyer, Inc. to perform the Design of the Library Expansion Project; and

WHEREAS, the Library Expansion Project was advertised for over thirty days and 4 bids were received; and

WHEREAS, F & W Construction Company, an experienced construction firm, was found to be the highest ranked qualified bidder; and

WHEREAS, Staff has negotiated a scope of work with F & W Construction Company to construct the project that is satisfactory to both parties.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council awards the Construction of the Library Improvements Project to F & W Construction Company for \$6,903,481.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on January 14, 2020.



Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:



Marjie Veeder, CMC
City Clerk



MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Tom Cohenour, Director, Department of Public Works
Through: Erin Reinders, City Manager
Date: January 14, 2020
Re: Resolution 2020-05 Authorizing the City Manager to Enter into a Contract with F&W Construction to Perform the Public Library Improvements Project

SUMMARY: Resolution 2020-05 will award the construction of the Public Library Improvements Project to F&W Construction (F&W) for \$6,903,481. The Library Improvements Project bids exceed our originally approved budget. Working closely with our selected contractor, F&W Construction, we began the process of Value Engineering focusing on three key goals:

1. Mitigate Travel Risk
2. Identify Construction Cost Savings
3. Reduce Change Order Risk

Achieving these three goals will enable us to construct the Library Improvements Project at the lowest possible cost while still maintaining the integrity and vision the community has for our new Library.

We have 60 days from bid date (up until January 20, 2020) to lock in F&W's bid. If Council approves the budget amendment, this allows the project team will proceed with the following steps:

1. Request approval of Resolution 2020-05 and award a contract to F&W for the base bid amount (\$6,903,481)
2. Execute a deductive change order to capture cost reductions identified through Value Engineering (currently estimated as a reduction of \$527,210, with additional savings still being explored)
3. Rebalance the budget after execution of deductive change order (total proposed budget is \$8,681,981; refer to budget breakdown on following pages)

PREVIOUS COUNCIL ACTION: The Library Improvement Project has been on the CMMP for five years. Project study, predevelopment and design work have been underway since FY2016. The community and City Council have been heavily involved throughout this entire process, including the selection of the currently proposed library design.

On December 12, 2019, Council heard from our architect, Brian Meissner, regarding the bid process, the best value approach to this project, and potential cost savings.

The necessary budget amendment Ordinance 2019-17 had its first reading on December 12, 2019, and the second reading and public hearing was scheduled for this evening, January 14, 2020.

BACKGROUND: The project's impacts are wide-reaching. The Library provides free services to the entire community and contributes to the quality of life for all citizens. These improvements

will benefit the entire community for decades to come and provide positive benefits for future generations. The Library will stand as a legacy passed down from today's leaders.

On November 20, 2019, bids for the Unalaska Library Building Improvement Project were accepted from four outside contractors.

On November 22, 2019, the Unalaska Library Project team met to review the bids and score each bid. This was a blind process by which the project team evaluated each bid based on the contractor's ability to complete the project before evaluating the cost listed for the bid. Five people scored the projects: an ECI Principal Architect, the Acting City Engineer, PCR and DPW Directors, and the City Librarian. After this process was completed the bids were opened, revealing the proposed costs for the project from each contractor. One of the four bidders was deemed non-responsive and has been excluded.

The base bids ranged from \$6.84 million to \$7.32 million. Based on the bid coverage and relatively tight bid spread, we can be confident that the bids represent the true cost to construct this project in Unalaska at this time. Unalaska is known as an expensive place to build and in talking with bidders, air travel uncertainty of getting construction workers to Unalaska was a factor in the high bids.

DISCUSSION: Thru the Value Engineering process, F&W will continue working with the design team to further reduce unknowns in the project and evaluate how we will complete the project at the best value to the City. Presently identified risk reduction, additional funding, and cost savings opportunities include:

1. Mitigate Travel Risk

Travel to and from Unalaska (airfare): A \$200,000 allowance has been created within the contingency reserves to reimburse the contractor for airfare to and from Unalaska. This reduces contractor travel risk.

2. Identify Construction Cost Savings

Currently identified cost reductions:

Site work and Landscaping	\$153,298
Structural Steel	\$13,860
Exterior Enclosure	\$151,146
Interior Finishes	\$96,526
Mechanical Systems	\$42,170
Electrical Systems	<u>\$70,210</u>
Cost Savings	\$527,210

3. Reduce Change Order Risk

The Value Engineering process identified unforeseen risks that could have led to Change Orders. Working closely with F&W ensures all construction components are covered by the contractor's price, removes cost/scope duplications, and fills cost/scope gaps. This process reduces change order risk and allows us to dedicate a portion of the contingency reserves to cover contractor airfare, as identified above, while still retaining a healthy general contingency (\$200,000 travel allowance plus \$837,210 general contingency = \$1,037,210 total contingency reserves; refer to rebalanced budget later in this memo).

4. Rasmuson Foundation Grant

In addition to the above 3 potential project cost reductions, Library staff have been in close contact with the Rasmuson Foundation and applied for a \$700,000 grant.

ALTERNATIVES: The primary choices before City Council are summarized as follows:

1. Reject all bids and decide not to proceed with the Library Improvements Project. Council would then remove the project from the proposed budget amendment.
2. Continue to move forward and approve this project as designed for F&W's full bid amount of \$6,903,481. This will provide authorization to the City Manager to enter into a contract with F&W by January 20, 2020. At that point, staff will work with F&W and via the Change Order process, reduce the project costs as outlined above.

FINANCIAL IMPLICATIONS: Funding is available within the Project's budget to award the construction work upon passage of Ordinance 2019-17 which transfers \$3,273,481 to the project budget. After contract award, deductive Change Orders will reflect cost savings obtained thru Value Engineering.

PUBLIC LIBRARY IMPROVEMENTS						
DESC	CURRENT BUDGET	PROPOSED BUDGET AMENDMENT	PROPOSED REVISED BUDGET AT AWARD	DEDUCTION THRU VALUE ENGINEERING	REBALANCE BUDGET AFTER VE	PROPOSED BUDGET AT START OF CONSTRUCTION
Engineering and Architecture	\$ 722,400	\$ 350,000	\$ 1,072,400	\$ -	\$ (165,000)	\$ 907,400
Other Professional	\$ 113,400	\$ -	\$ 113,400	\$ -	\$ -	\$ 113,400
Survey Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Services:	\$ 4,000,000	\$ 2,903,481	\$ 6,903,481	\$ (527,210)	\$ -	\$ 6,376,271
Equipment	\$ -	\$ 245,000	\$ 245,000	\$ -	\$ -	\$ 245,000
Telephone / Fax / TV	\$ 700	\$ -	\$ 700	\$ -	\$ -	\$ 700
Advertising	\$ 1,163	\$ -	\$ 1,163	\$ -	\$ -	\$ 1,163
Contingency	\$ 570,000	\$ (225,000)	\$ 345,000	\$ -	\$ 692,210	\$ 1,037,210
Business Meals	\$ 837	\$ -	\$ 837	\$ -	\$ -	\$ 837
	\$ 5,408,500	\$ 3,273,481	\$ 8,681,981	\$ (527,210)	\$ 527,210	\$ 8,681,981

Note: Contingency reserves includes \$200k travel/airfare budget

LEGAL: N/A

STAFF RECOMMENDATION: Continue to move forward approving this project as designed for the full bid amount and fund the outstanding balance through the 1% Sales Tax Special Revenue Fund. This fund is intended to support capital projects.

PROPOSED MOTION: I move to approve Resolution 2020-05.

CITY MANAGER COMMENTS: I support the Staff Recommendation.

ATTACHMENTS:

1. Price Proposals (Bid Tab)
2. Proposal Scoring (Qualifications and Price Combined)
3. Standard Form of Agreement (Between City and Contractor)

Price Proposals

CITY OF UNALASKA, ALASKA
 Department of Public Works
 Library Improvements Project
 November 20, 2019
 2:00 p.m.
 Council Chambers

Contractor / Business Name	Bid Forms Used?	Addenda Acknowledge				Bid Bond	Base Bid	Additive Alternate #1 (South reroof)	Additive Alternate #2 (sidewalk)	Additive Alternative #3 (Continued Occupancy)	Additive Alternate #4 (Book packing)	Total Bid
		1	2	3	4							
F & W Construction	x	x	x	x	x	x	\$ 6,903,481	\$ 216,896	\$ 50,504	\$ 100,882	\$ 30,264	\$ 7,302,027
Blazy Construction, Inc.	x	x	x	x	x	x	\$ 7,324,110	\$ 101,888	\$ 57,266	\$ 78,765	\$ 367,531	\$ 7,929,560
UIC Construction LLC	x	x	x	x	x	x	\$ 6,840,000	\$ 183,797	\$ 58,085	\$ 78,404	\$ 51,392	\$ 7,211,678
Lake View Contracting Inc	x	x	x	x	x	x	\$ 6,410,000	\$ 230,000	\$ 47,000	non-responsive	\$ 45,000	non-responsive

Proposal Scoring Qualifications and Price Combined

CITY OF UNALASKA, ALASKA
Department of Public Works
Library Improvements Project
November 20, 2019
2:00 p.m.
Council Chambers

Proposer	Qualifications Score						Price	Price Points	Total Points
	Scorer 1	Scorer 2	Scorer 3	Scorer 4	Scorer 5	Average			
							\$7,211,678		
Blazy	28	26	26	24	23	25.4	\$7,929,560	63.7	89.1
F&W	28	29	28	30	28	28.6	\$7,302,027	69.1	97.7
Lakeview	16	21	16	15	25	18.6	non-responsive	non-responsive	non-responsive
UIC	18	17	14	15	18	16.4	\$7,211,678	70.0	86.4

Section 00500
STANDARD FORM OF AGREEMENT
BETWEEN THE OWNER AND CONTRACTOR

THIS AGREEMENT is dated as of the _____ day of _____ in the year 2019, by and between the City of Unalaska (hereinafter called OWNER) and _____
_____ (hereinafter called CONTRACTOR).

OWNER and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

Article 1. WORK

CONTRACTOR shall complete all work as specified or indicated in the Contract Documents. The work is generally described as follows:

The work will include, but not be limited to, furnishing all labor, tools, equipment, and materials and performing all operations in connection with the **LIBRARY EXPANSION PROJECT**. The Work includes XXX.

1. Unalaska, Alaska 99685
2. Owner: City of Unalaska, Department of Public Works

The Contract Documents which comprise the entire agreement between OWNER and CONTRACTOR concerning the WORK consists of the following:

- Construction Drawings
- Technical Specifications
- Agreement
- State of Alaska Title 36 Wage Rate Requirements
- Instructions to Bidders
- Bid Forms
- Performance Bond
- Payment Bond
- General Conditions
- Supplementary Conditions
- Permits
- Addenda numbers _____ to _____, inclusive.
- Change Orders which may be delivered or issued after Effective Date of the Agreement and not attached hereto.

Article 2. CONTRACT TIME

- 2.1 The CONTRACTOR is allowed **310-days** following the Notice-to-Proceed for this work until Final Completion.
- 2.2 Liquidated Damages. The OWNER and CONTRACTOR recognize that time is of the essence of this Agreement and that the OWNER will suffer financial loss if the work is not completed within the times specified above, plus any extensions thereof allowed in accordance with Article 11 of the General Conditions. These losses include inconvenience to the City, administration and inspection costs, loss of efficiency and general inconvenience to the public. They also recognize the delays, expense, and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by the OWNER if the work is not completed on time. Accordingly, instead of requiring any such proof, the OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay the OWNER **One Thousand Dollars (\$1,000.00)** for each day that expires after the time specified above for *Final Completion* and readiness for final payment.

Article 3. CONTRACT PRICE

- 3.1 The OWNER shall pay CONTRACTOR for completion of the work in accordance with the Contract Documents an amount equal to sum of the established unit prices for each separately identified item of unit price work multiplied by the measured quantity of actual items installed plus the sum of the lump sum prices for each separately identified and selected bid item (herein referred to as the "Contract Sum"). The Contract sum is based upon the Bid Items which are set forth in the Contract Documents and which are hereby accepted by the OWNER.

Article 4. PAYMENT PROCEDURES

CONTRACTOR shall submit Applications for Payment in accordance with Article 13 of the General Conditions. Applications for Payment will be processed by the OWNER as provided in the General Conditions.

- 4.1. Progress Payments. The OWNER shall make progress payments on account of the Contract Price on the basis of CONTRACTOR's Applications for Payment on or about a day of the month mutually agreeable to the OWNER and CONTRACTOR as agreed to at the preconstruction conference. All progress payments will be on the basis of the progress of the work measured by the actual installed quantity of items, plus allowances for stockpiled materials.
 - 4.1.1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below, but, in each case, less the aggregate of payments previously made and less such amounts as the OWNER shall determine, or the OWNER may withhold, in accordance with Article 13 (paragraph 13.8) of the General Conditions and the Supplemental Conditions.
 - a. Ninety percent of work completed.
 - b. Once 50 percent of the work is complete as determined by the OWNER, and if the character and progress of the work have been satisfactory to the OWNER, the OWNER, may determine that, as long as the character and progress of the

work remain satisfactory to them, there will be no additional retainage on account of work completed; in which case, the remaining progress payments prior to Substantial Completion will be in an amount equal to 100 percent of the work completed.

4.1.2. Upon Substantial Completion, in an amount sufficient to increase total payments to CONTRACTOR to 95 percent of the Contract Price, less such amounts as the OWNER shall determine, or the OWNER may withhold, in accordance with Article 13 of the General Conditions.

4.2. Final Payment. Upon final completion and acceptance of the work in accordance with the General Conditions; Affidavit of Payment of Debts and Claims; Affidavit of Release of Liens; and Receipt of Consent of Surety Company to Final Payment, the OWNER shall pay the remainder of the Contract Price as provided in said Article 13.

4.2.1 Deductions. The City may deduct from the amount of any payment made to Contractor any sums owed to City by Contractor including, but not limited to, past due sales tax, port and harbor fees, property tax, or rent. Before making any such deduction the City shall have provided Contractor written notice of the amount claimed by City to be due and owing from Contractor.

Article 5. INTEREST ON RETAINAGE

All retainage shall bear interest at the rate required by AS 36.90.250, if applicable.

Article 6. CONTRACTOR'S REPRESENTATIONS

In order to induce the OWNER to enter into this agreement, CONTRACTOR makes the following representations:

- 6.1. CONTRACTOR has familiarized itself with the nature and extent of the Contract Documents, work, site, locality, and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance, or furnishing of the work.
- 6.2. CONTRACTOR has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests, reports, and studies which pertain to the subsurface or physical conditions at or contiguous to the site or which otherwise may affect the cost, progress, performance, or furnishing of the work as CONTRACTOR considers necessary for the performance or furnishing of the work at the Contract Price, within the Contract Time, and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of paragraph 4.2 of the General Conditions; and no additional examinations, investigations, explorations, tests, reports, studies, or similar information or data are or will be required by CONTRACTOR for such purposes.
- 6.3. CONTRACTOR has reviewed and checked all information and data shown or indicated on the Contract Documents with respect to existing Underground Facilities at or contiguous to the site and assumes responsibility for the accurate location of said Underground Facilities. No additional examinations, investigations, explorations, tests, reports, studies, or similar information or data in respect of said Underground Facilities are or will be required by

CONTRACTOR in order to perform and furnish the work at the Contract Price, within the Contract Time, and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of paragraph 4.4 of the General Conditions.

- 6.4. CONTRACTOR has correlated the results of all such observations, examinations, investigations, explorations, tests, reports, and studies with the terms and conditions of the Contract Documents.
- 6.5. CONTRACTOR has given the OWNER written notice of all conflicts, errors, or discrepancies that it has discovered in the Contract Documents and the written resolution thereof by the OWNER is acceptable to CONTRACTOR.

Article 7. MISCELLANEOUS

- 7.1. Terms used in this Agreement which are defined in Article 1 of the General Conditions will have the meanings indicated in the General Conditions.
- 7.2. The CONTRACTOR shall submit the Performance Bond, Labor and Material Payment Bonds, and Certification of Insurance and City of Unalaska business licenses and all Subcontractor City of Unalaska business licenses as required by the Contract Documents, prior to commencement of the Work. The Performance and Material Payment Bonds shall be in the amount of 100% of the contract bid price. **Contractor shall comply with all applicable Federal and State labor regulations, including State of Alaska Title 36, Public Contracts, otherwise known as the Little Davis-Bacon Act, and all labor regulations and minimum rates of pay contained therein.**
- 7.3. No assignment by a party hereto of any rights under or interests in the Contract Documents will be binding on another party hereto without the written consent of the party sought to be bound; and specifically but without limitation monies that may become due and monies that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.
- 7.4. OWNER and CONTRACTOR each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect of all covenants, agreements, and obligations contained in the Contract Documents.
- 7.5. Until Contractor receives notice from the City that project records need not be preserved, Contractor shall preserve, all non-identical copies of all documents, records, or other information (including documents, records, or other information in electronic form) in its or its subcontractors' or agents' possession or control, or that come into its or its subcontractors' or agents' possession or control that relate to the Work.

IN WITNESS WHEREOF, The OWNER and CONTRACTOR have signed all counterparts of this Agreement. All portions of the Contract Documents have been signed or identified by the OWNER and CONTRACTOR.

This Agreement will be effective on _____, 20____.

CONTRACTOR

CITY OF UNALASKA, ALASKA

By: _____

By: _____

_____, Its _____

Erin Reinders, City Manager

State of Alaska)
) ss.
Third Judicial District)

State of Alaska)
) ss.
Third Judicial District)

The foregoing instrument was acknowledged before me on the ____ day of _____, 20____, by _____, the _____ of _____

The foregoing instrument was acknowledged before me on the ____ day of _____, 20____, by Thomas Thomas, City Manager for the City of Unalaska, a First Class Alaska Municipal Corporation, on behalf of the City of Unalaska.

_____, a _____ Corporation, on behalf of the corporation.

Notary Public, State of Alaska
My Commission Expires _____

Notary Public, State of Alaska
My Commission Expires _____