

City and Borough of Sitka

PUBLIC WORKS

100 LINCOLN STREET • SITKA, ALASKA 99835

PHONE (907) 747-1804 • FAX (907) 747-3158

MEMORANDUM

To: Mayor Westover and Assembly Members
James Dinley, City Administrator

Through: Michael Harmon, P.E., Public Works Director *[Signature]*
Stephen Weatherman, P.E., Municipal Engineer *[Signature]*

From: Kelli Cropper, Project Manager *[Signature: KC]*

cc: Jay Sweeney, Finance Director *[Signature]*
Steve Bradshaw, Sitka School District Superintendent

Date: 5 July 2011

Subject: Blatchley Middle School Remodel- 2011, CBS Project # 90640: SSD Major Maintenance Project, EED Project #DR-07-101 & #DR-04-104 (Domestic Water).

Background

The Blatchley Middle School Mechanical & Electrical Upgrades Project consisting of asbestos abatement, replacement and refurbishment of the major mechanical and HVAC systems and building controls; replacement of pool hydraulic equipment and piping; replacement of the domestic water piping/system; replacement of the computer network & outlets, clocks, PA system, fire alarm panel and devices and work required to accomplish the work noted above, was originally bid on April 1, 2010 and was not awarded because the bid price was significantly higher than the project construction budget. Proposition 3 (to cover the shortfall) and Proposition 4 (new project scope from original grant request) were taken to the voters in the October 2010 election. Both propositions passed.

The scope of Work funded through Proposition 4 from the original grant request includes the demolition and reconstruction of three sets of bathrooms and the remodel of the pool and gym locker rooms as well as an additional set near community schools and in the administration area, replacement of many existing doors and all windows, replacement and upgrade of flooring and wall finishes and lockers. Some of the items that were included in Proposition 4 were bid as alternates (alternates #2 through #6) to help ensure that funds would be available to award the construction contract. Alternate #1 is a special pool HVAC unit that will significantly reduce the energy consumption and associated long term costs incurred to operate the pool, which consumes the significant portion of the energy currently consumed at the school.

The replacement of the Pool Hydraulic Equipment, which was originally part of the larger remodel job, was pulled out and bid as a separate job this spring so the pool closure for this work would occur over the summer 2011. This work is currently underway.

The Blatchley Middle School Remodel 2011 went out to bid with the revised and modified scope on 25 May 2011 bids were received and opened on 28 June 2011.

Analysis

Blatchley Middle School is in desperate need of the planned major maintenance remodel. The existing building environmental controls and mechanical and electrical systems work marginally and the building consumes tremendous amounts of energy and fuel with significant associated costs. All of the work planned in the remodel is needed and with the installation of the higher energy efficient mechanical systems (heat pumps, ERVs, Pool ventilation), long term energy use and costs will be significantly reduced.

When we amended our budgets with the State of Alaska EED (Prop 3 & 4), we increased the budgeted construction contingency to 10% of the construction budget, because remodeling a building this age and replacing the type systems scheduled with concealed conditions we have, we will encounter unforeseen circumstances resulting in change orders. A healthy construction contingency is very important for project like this.

There were two bids received for the Blatchley Middle School Remodel-2011, both came in higher than the professional cost estimate. McGraw Custom Construction submitted the apparent low bid **"Base Bid B = \$8,486,000.00 and Grand Total B with 6 alternates = \$9,309,000.00"**. The Grand Total bid is \$698,000.00 less than the bid received from Dawson Construction. The bids are higher than our construction budget funds.

The Blatchley Middle School Remodel is a Major Maintenance project. 70% of the costs are reimbursed by the State of Alaska. The City's 30% portion is paid from funds collected during the annual six month period where an additional 1% sales tax is charged. Interest earned on the proceeds of the bonds can only be used for the project or to pay the bonds off. Payoff of the bonds is prohibited for the first ten years. For all of the school projects, the collected funds for payoff of the bonds are invested and set to pay off the bonds in full on the first allowed date (ten year date) and are ahead of schedule.

The current available constructions funds equal \$8,345,662.00 and are insufficient to award the contract for the low Base Bid B \$8,486,000.00. *However, with all project funding, including, interest earned on the bond proceeds and the additional domestic water project funds, construction funds are sufficient to award the full project, including all of the additive alternates-Grand Total B \$9,309,000.00.*

The Sitka School Board has reviewed and recommended the Award of the contract for this Work to McGraw Custom Contractors in the amount of \$9,309,000.00 and that all interest from bond proceeds be used for the project.

The project was bid in accordance with the CBS Procurement Policies and the State of Alaska Department of Education and Early Development (EED) requirements.

Fiscal Note:

The funds available for construction, including the construction budgets for the Major Maintenance and the Domestic Water Projects, bond interest, and the budgeted construction contingency equal **\$10,197,760.00 and are sufficient to award the full project and still maintain the necessary construction contingency.**

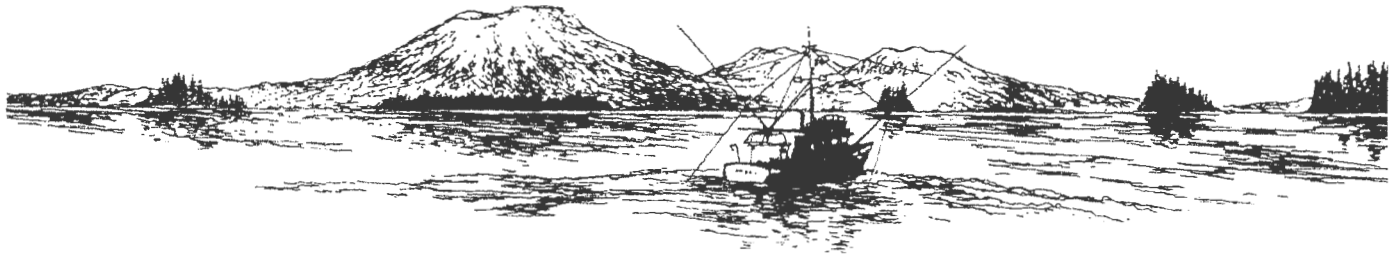
Recommendation:

Approve using all interest earned from the bond issuance proceeds in Fund 706, 2008 School Bond Project, and any other project monies for the Blatchley Middle School Remodel project. And approve the Award of the Blatchley Middle School Remodel -2011 Contract in the amount of \$9,309,000.00 to McGraw Custom Construction.

SITKA SCHOOL DISTRICT

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DATE: June 30, 2011

TO: Mayor and City and Borough Assembly

FROM: Sitka School District
Steve Bradshaw, Superintendent

RE: Blatchley Middle School Remodel Project Award

On June 30, 2011, during a special meeting, the Sitka School Board voted to recommend that the City and Borough of Sitka Assembly award the construction contract including all alternates, in the amount of \$9,309,000 for the Blatchley Middle School remodel project to the low bidder, McGraw Custom Construction, Inc, and direct all interest monies from the project bonds to the remodel project budget.

"Educating Today's Children to Become Tomorrow's Leaders"

BLATCHLEY MIDDLE SCHOOL REMODEL June 28, 2011 - Clerk's Office

Present: Municipal Clerk Colleen Ingman, Tammy O'Neill Contract Coordinator, Keill Cropper Project Manager, Stephen Weatherman, Municipal Engineer Gary Smith, Dave Trudeau, Schmolck, Les Hosteler Dawson,

	CONTRACTOR	AK Contractor's License	BID BOND	Alaska Business License	Comple ted and signed Qualific	ADD ACK	BASE BID A	BASE BID B	ADD. Alt. 1 pool ventilation	ADD. Alt. 2 sport flooring	ADD. Alt. 3 lockers	ADD. Alt. 4 windows	ADD. Alt. 5 select door	ADD. Alt. 6 appliances	Total Alternates	Grand Total A with 6 alternates	Grand Total B with 6 alternates
1	Dawson Construction	Y	Y	Y	Y	Y	\$ 9,129,000.00	\$ 9,082,000.00	\$ 390,000.00	\$ 117,000.00	\$ 58,000.00	\$185,000.00	\$ 185,000.00	\$ 10,000.00	\$ 945,000.00	\$ 10,074,000.00	\$ 10,007,000.00
2	McGraw Custom Const.	Y	Y	Y	Y	Y	\$ 8,486,000.00	\$ 8,411,000.00	\$ 429,800.00	\$ 104,000.00	\$ 94,800.00	\$151,000.00	\$ 107,000.00	\$ 11,600.00	\$ 898,000.00	\$ 9,384,000.00	\$ 9,309,000.00
3															\$ -	\$ -	\$ -
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