

POSSIBLE MOTION

I MOVE TO approve issuing ASRC MCGraw Constructors LLC a Notice of Award, clarify and confirm a final price and enter into agreement for Contract No. 8 – the Reservoir Debris Management for the Blue Lake Expansion Project Capital Project No. 90594.0018 and obligate project funds in the amount of \$2,383,714.

Note: The maximum amount of this contract would be the base bid amount of \$2,258,714.



Memorandum

February 19, 2014

To: Mark Gorman, Municipal Administrator
 From: Christopher Brewton, Utility Director
 Subject: **Blue Lake Hydroelectric Expansion Project – Award of Contract No. 8 – Reservoir Debris Management**

Request:

I request Assembly approval authorizing the City Administrator to issue ASRC McGraw Constructors LLC. a Notice of Award, clarify and confirm a final price, and to enter into an agreement for Contract No. 8, Reservoir Debris Management for the Blue Lake Expansion Project. The maximum amount of this contract would be the amount of \$2,258,714. In addition, I request the Assembly approve an additional amount of \$125,000.00, as contingency funds in the case that hours exceed the number specified on the bid form bringing the total requested amount to \$2,383,714.00.

Background:

Managing the debris from the inundation of Blue Lake after the dam raise is required under our Federal Energy Regulatory Commission (FERC) License Article 413. The original budget of \$1,530,000 was estimated before the project began using the best information available at the time. Over time the scope of the project and estimate has changed. Based on these bids the cost was underestimated. The City and Borough of Sitka advertised Reservoir Debris Management for the Blue Lake Expansion Project, on December 18-30, 2013. Bids were received from two bidders. The bids were opened on January 28, 2014. The base bid results are as follows:

<u>Company</u>	<u>Total Bid</u>
S&S General Contractors	\$2,961,598.00
ASRC McGraw Constructors LLC.	\$2,258,714.00

Analysis:

The bids were evaluated using a predefined best value procedure by the Construction Managers and the Blue Lake Project Manager. Out of 10 points possible ASRC scored 9.39 points and S&S scored 8.29 points. The best value is therefore ASRC.

The Electric Department believes that this is a fair and equitable bid and respectfully requests that the Assembly provide authorization for the City Administrator to issue ASRC McGraw Constructors LLC. a Notice of Award, clarify and confirm the final contract price and enter into an agreement for Contract No. 8 Reservoir Debris Management for the Blue Lake Expansion

Project based on the Bidding Documents, the ASRC McGraw bid, our requests for clarification, and ASRC McGraw Constructors LLC. subsequent responses.

The anticipated contract amount will be \$2,258,714. The Electric Department requests that the City Administrator be given authorization to exercise a contingency of \$125,000 to address possible change orders to this contract. **This will bring the total request for authorization to \$2,383,714.**

Funding:

The Blue Lake Expansion has \$1,530,000 budgeted for Contract 8. This request for authorization to issue Notice of Award will exceed the budgeted amount by \$853,714.00. Additional funding is being requested at this time because there is adequate time to secure the funding prior to making payments on the contract. If we choose to spend down the remaining project contingency of \$2,730,868 instead of approving additional funding now we will jeopardize our ability process pay requests as the change items are identified that require immediate approval.

The Finance Department has planned for contingent funding for the project, if needed. If the overall cost of the project at its completion exceeds overall estimated costs, these contingent funding sources can be utilized.

Recommendation:

I recommend the Assembly authorize the Municipal Administrator to issue ASRC McGraw Constructors LLC. a Notice of Award, clarify and confirm a final price, and enter into an agreement for Contract No. 8 the Reservoir Debris Management for the Blue Lake Expansion Project Capital Project No. 90594.0018 and obligate project funds in the amount of \$2,383,714. The maximum amount of this contract would be the base bid amount of \$2,258,714.

Cc: Robin Koutchak, Municipal Attorney
Jay Sweeney, CFAO
Mike Middleton, Deputy Finance Director
Dean Orbison, Blue Lake Project Manager