

POSSIBLE MOTION

I MOVE to approve the award of Task Orders #2 and #3 in the amount of \$3,841,388 to Hatch Acres Corporation, and establish a contingency of \$768,277; and authorize the Municipal Administrator to sign Task Orders #2 and #3 and obligate project funds from the Blue Lake Third Turbine and Dam Upgrade Capital Project No. 90594; and execute this action on behalf of the Assembly of the City and Borough of Sitka.



Memorandum

April 12, 2010

To: Jim Dinley, Municipal Administrator
From: Christopher Brewton, Utility Director, Electric Department
Subject: **Blue Lake Hydroelectric Expansion Project – Professional Services Agreement – Award of Task Order #2 & #3 - Hatch Acres Corporation**

Request

I request Assembly approval authorizing the Municipal Administrator to execute Task Order #2: Procurement Contracts and Task Order #3: Final Design and Construction Contracts, of the Professional Services Agreement (PSA) with Hatch Acres Corporation (Hatch) in the amount of \$4,609,665.

Background:

On March 24, 2009 the Assembly approved the PSA and subsequently Task Order #1 which has been completed with the submittal and approval of the Design Development Report (DDR). The PSA was originally designed with 6 planned tasks requiring Assembly approval for award of each subsequent task. During the development of the PSA it was envisioned there would be two distinct engineering and construction components of the project.

The DDR has identified and planned for concurrent construction of all phases therefore Task Orders #3 and #4 will be combined and Task Orders #5 and #6 will be combined. This will have no substantial cost impacts but will reduce total planned tasks in the PSA from six (6) to four (4). Please note from the original plan, Phase 1 construction is generally defined as powerhouse, penstock and equipment procurement and installation. Phase 2 construction is generally defined as the dam raise and reservoir clearing.

- Task 1 – Design Development Study and Report, Geotechnical Investigations.
- Task 2 – Engineering, Equipment Specifications, and Bid Document Preparation.
- Task 3 – Detailed Engineering for Phase 1 Construction Specifications, Bid Documents.
- Task 4 – Detailed Engineering for Phase 2 Construction Specifications, Bid Documents.
- Task 5 – Engineering support services during Phase 1 Construction.
- Task 6 – Engineering support services during Phase 2 Construction.

The revised elements of the PSA are updated to the following:

- Task 1 – Design Development Study and Report, Geotechnical Investigations.
- Task 2 – Engineering, Material Specifications, Bid Preparation and Procurement Contracts.
- Task 3 – Final Engineering Design for Construction Specifications, Bid Documents.
- Task 4 – Engineering support services during Construction.

Analysis:

In February 2010 CBS submitted a Request for Proposal to Hatch soliciting a response for completion of Task Orders #2 and #3. A copy of this request is attached for your review. Of particular note is the extensive review of lessons learned from Task Order #1 and improvements for Task Orders #2 and #3 that CBS required in the Hatch proposal. This follows our basic premise to develop the engineering design in smaller increments to ensure quality control prior to award of further contracts.

Hatch's final proposal was accepted on April 4, 2010 and is attached for your review. The estimated total cost to completed Task Orders #2 and #3 is \$3,841,388 with an estimated completion date of January 2012 for Task Order #2 and June 2012 for Task Order #3.

Task Order #2 is for the development of equipment and material specifications for procurement contracts. Task Order #3 is for final engineering design and development of construction contracts. At this point we anticipate eight (8) procurement contracts and three (3) construction contracts.

Funding:

Approximately \$8,772,847 is available in the Blue Lake Third Turbine and Dam Upgrade Capital Project No. 90594 account. A 20% contingency in the amount of \$768,277 is recommended for this contract. This contingency is required due to uncertainties in a couple of key areas. Additional design work and modeling of the plunge pool scour and left abutment thrust block design may be required to satisfy Federal Energy Regulatory Commission and Board of Consultant concerns. These are critical design issues that will garner intense technical scrutiny.

Fiscal Note:

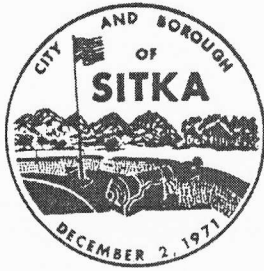
In their response Hatch mentions they have been monitoring recent contracts and have indicated contractors are aggressively pursuing projects by submitting more competitive bids for both construction and procurement contracts. This would be welcome news for the project should these trends continue.

Recommendation:

I recommend the Assembly authorize the Municipal Administrator to award Task Order #2 and #3 in the amount of \$3,841,388 to Hatch Acres Corporation and establish a contingency of \$768,277 for completion of Procurement Specifications, Final Engineering Design, and Construction Specifications for the Blue Lake Hydroelectric Expansion project.

Proposed Motion:

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City and Borough of Sitka

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Dean Orbison, P.E.

Steve Hart
Hatch Acres
6 Nickerson St. Ste. 101
Seattle, WA 98109

Feb. 2, 2010

RE: Task Order Invitation for Task 2 & 3

Dear Steve,

Task 2 and task 3 of the Blue Lake Expansion Project will be the development of procurement contracts and the final design respectively. Please provide a proposal to perform tasks 2 and 3 as outline in the document titled Blue Lake Expansion Engineering task 2 & 3 attached. We discussed this document in Seattle on January 27.

Please submit your proposal no later than March 1, 2010.

Following clarification and negotiation on the proposal the city will issue a Final Task Order for the work.

Thank you,

Dean Orbison PE
Generation Engineer

Cc: Chris Brewton
Bob Dryden
Paul Carson
Harbinder Gill
Keith Moen