
MEMORANDUM

To: Mayor McConnell and Members of the Assembly
Mark Gorman, Municipal Administrator

From: Michael Harmon, P.E., Public Works Director
Dan Tadic, P.E., Municipal Engineer DT
Matt Christner, Project Manager *MC*
Jay Sweeney, Finance Director

Date: August 20, 2014

Subject: Kettleson Memorial Library Expansion
Recommendation to Award Contract to Dawson Construction, Inc.

Background

The Public Works Department advertised an Invitation to Bid for the Kettleson Memorial Library Expansion project in accordance with City and Borough of Sitka procurement policies. The project scope includes approximately 4,800 square feet of new construction and approximately 7,500 square feet of renovation to the existing building.

Bids were opened for this project on July 24, 2014. Two (2) responsive and responsible bids were received, as indicated in the following table.

	Base Bid	Alternates	GRAND TOTAL
Dawson Construction, Inc.	\$5,097,000	\$265,000	\$5,362,000
Alaska Commercial Contractors, Inc.	\$5,154,000	\$393,700	\$5,547,700
<i>Engineer's Estimate</i>	<i>\$4,252,933</i>	<i>\$288,424</i>	<i>\$4,541,357</i>

Analysis

Facing an approximate \$1,000,000 budget shortfall, on July 31, 2014 the Assembly approved the issuance of a Notice of Intent to Award to the low bidder, Dawson Construction, Inc. (Dawson), and authorized Public Works to enter into a Value Engineering (VE) process. The intent of VE was to reduce the budget shortfall to approximately \$385,000.

Working with the Contractor, Public Works formalized pricing for the VE items originally proposed as well as adding other items which offered an opportunity to further reduce the project cost. The VE process has reduced the shortfall to \$357,114 to complete this project (see attached spreadsheet). This was accomplished without reducing the square footage in the children's area which was discussed at the previous meeting. The potential cost savings to reduce this space were lower than anticipated and would have resulted in additional design fees. Furthermore, retaining this area was important to library staff for their children's programs.

Public Works recommends that the Assembly Award the base bid Contract to Dawson in the amount of \$5,097,000. A deductive Change Order in the amount of \$312,497 will be prepared and executed simultaneously with the Contract if approved by the Assembly. This amount reflects the cost reduction associated with the removal of the VE items and the additional cost required to pave the staff parking lot and furnish new library stacks.

The work is anticipated to begin in Fall 2014 and be substantially complete by October 2015.

Fiscal Note

The Kettleson Memorial Library Expansion is currently funded by way of the following:

• FY 2011 State of Alaska Grant	\$5,700,000
• Community Donations	\$492,827
• City and Borough commitments	<u>\$344,868</u>
Total Project Funding	\$6,537,696

Following the VE process, the budget shortfall is \$357,114. As of June 30, 2014, current projections show an undesignated General Fund working capital fund balance available for transfer in excess of \$2,000,000. This sizeable amount is due to two factors: (1) a fiscal surplus for FY2014, and (2) overly conservative restriction estimates in the FY13 calculation for the amount of encumbered funds in the General Fund. Staff proposes to dedicate \$357,114 from this total to the Kettleson Memorial Library Expansion project.

Recommendation:

Approve the Award of a Construction Contract to Dawson Construction, Inc. for completion of the Kettleson Memorial Library Expansion Project for the base bid amount of \$5,097,000 contingent upon the immediate execution of a deductive Change Order in the amount of \$312,497.

Authorize the transfer of \$357,114 from the undesignated General Fund working capital fund balance to the Kettleson Memorial Library Expansion Project (Project No. 90739).

Kettleson Memorial Library Expansion

	7/31/2014	8/20/2014	
	<i>Initial Estimate</i>	<i>Value Engineering</i>	
<i>Alternates</i>			
1 Upgraded Finishes: Tile, Carpet, Acoustical Panels	\$40,000	\$40,000	
2 Landscaping: Trail, Furnishings, Plantings on Ocean Side	\$40,000	\$40,000	
3 Landscaping: Hardscape, Staff Parking, Harbor Drive	\$0	\$55,279	Staff Parking Paving/Curbs only
4 Casework, Trim, Fireplace Upgrade	\$25,000	\$25,000	
5 Lighting Upgrade LED	\$35,000	\$35,000	
6 New Library Stacks	\$0	\$10,000	Alternate Manufacturer
Subtotal	\$140,000	\$205,279	
<i>Changes to Contract Scope through Value Engineering</i>			
7 Reduce Stone Cladding at Entry and Teen, Replace with Tile Siding	\$0	\$92,316	
8 Change PVC siding to alternate PVC "Celect"	\$0	\$9,750	
9 Change Window MFG to Milgard Ultra Fiberglass Triple pane	\$0	\$18,527	
10 Change Requirement Malarkey Roofing Warranty/Certified Installer	\$0	\$21,030	
11 Reduce Square Footage 500+/- sf at GL20 in Childrens area and Multi Purpose	\$0	\$0	
12 Delete Stain Removal at Existing Structural Beams, Stain New to Match	\$0	\$51,000	
13 Reduce Base Bid Landscaping. Furnishings, Specialty Concrete	\$0	\$63,600	
14 Provide Additional Electrical Conduit Material Options	\$0	\$0	
15 Change in Library Casework Supplier.	\$0	\$66,964	
16 Yellow Cedar to Red Cedar	\$0	\$6,000	
17 Modify Roof/Wall Insulation	\$0	\$21,600	
18 Modify Heat Pump Screens	\$0	\$8,866	
19 Substitute Exhaust Fans with Equivalent	\$0	\$9,800	
20 Remove Humidification Capability in Archive	\$0	\$2,765	
Subtotal	\$405,000	\$372,218	
<i>Changes to Project Budget</i>			
21 FFE Reduction Technology, Self Checkout, DVD dispensers	\$70,000	\$70,000	
Subtotal	\$70,000	\$70,000	
Estimate of Total Possible Reductions	\$615,000	\$647,497	
Original Estimated Total Budget Shortfall	(\$1,000,000)	(\$1,004,611)	
New Projected Budget Shortfall	(\$385,000)	(\$357,114)	