



# Municipality of Anchorage

Dave Bronson, Mayor

---Merrill Field Airport---

## MEMORANDUM

DATE: June 9, 2023  
TO: Rachele A. Alger, Purchasing Director, MOA  
FROM: Rich Sewell, Airport Manager, Merrill Field Airport *Rich Sewell*  
SUBJECT: Recommendation of Award for Amendment No. 2 to RFP 2022P018 – General Contractor (GC) Services for Merrill Field Airport Building Repair Project

In April 2020, the Municipality of Anchorage Merrill Field Airport (MRI) received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from the FAA. MRI has developed a plan to spend a maximum of approximately \$6,860,000 of their awarded CARES Act funding on construction required to complete repair and maintenance items on (up to) eleven MRI-owned buildings. These buildings include:

- 800 Merrill Field Drive (Airport Manager's Office)
- Campground Pilot Shelter
- Alpha Pilot Shelter
- Whiskey Pilot Shelter
- 1025 Orca Street
- 1568 East 12th Avenue
- 835 Merrill Field Drive (Airport Maintenance Building)
- 901 Orca Street
- 917 Orca Street
- 1015 Orca Street
- 1570 East 12th Avenue

The CARES Act funding will expire on May 10, 2024 and it is not feasible to design and bid the building repairs within the funding timeline. Therefore, through consultation with the MOA Purchasing Department and the FAA, MRI elected to utilize the Construction Manager/General Contractor (CM/GC) project delivery method to complete the project in the most efficient way possible.

A CM/GC is a common contracting method that is typically used on large and complex construction projects. As part of the CM/GC contract, the construction manager assists in the design of the project by providing input on constructability, risk, safety, scheduling, and cost reconciliation. The CM/GC contract gives the construction manager the right to construct the project based on a negotiated Guaranteed Maximum Price (GMP) that is validated by a third-party estimator. If the GMP is not agreed upon by the contractor and the owner, then the Scope of Work identified within the work package is completed through a standard invitation to bid process.

Merrill Field advertised contractor proposals for a CM/GC contract in June 2022. Through a formal review process, four (4) proposals were received and evaluated by a review committee made up of eight

(8) non-partisan reviewers. The highest scoring proposal was Roger Hickel Contracting (RHC). In August 2022, the Municipality concurred with MRI's recommendation to enter negotiations and a CM-contract with RHC was executed on August 30, 2022 for a cost of \$46,896.00. Please reference PO2022002226 and RFP 2022P018.

Since award of the CM-contract, MRI's consultant team (HDL) and RHC have been engaged in constructability, material availability, and preferred means and methods discussions for accomplishing the work entailed in each of the buildings (as they are designed, approved, and ready for construction).

Notice to proceed for Building 800 Merrill Field Drive (Work Package 1 – Amendment 1) was issued to the contractor on June 8, 2023. Amendment 2 will incorporate two additional work packages: one for Building 1025 Orca Street (Work Package 2) and one for the three (3) Pilot Shelters (Work Package 3).

The construction documents for Work Package 2 and Work Package 3 are complete and costs have also been negotiated and mutually accepted for a guaranteed maximum price of \$4,221,167.00 and \$355,465.00 (respectively) as further described on the Record of Negotiations between the contractor and Merrill Field's third party estimator, Estimations Inc. In accordance with HDL's January 7, 2022 proposal for professional engineering design and construction services, Estimations Inc. was contracted to provide construction cost estimates at each submittal phase to be used as a basis for negotiation with the contractor. From March 3, 2023 to March 13, 2023 negotiations were performed and a mutually-agreed price of \$892,946.00 was accepted for Building 800. Copies of the record of negotiation and HDL's January 7, 2022 proposal can be found at the Municipality's Purchasing Department upon request.

It is anticipated that all eleven building repair projects will not be able to be completed with the maximum funding amount included in this contract. Therefore, the projects have been prioritized per the schedule below to efficiently complete as many projects as possible before the funding expires on April 30, 2024. The anticipated projects that are likely possible to complete include the Airport Manager's office, 1025 Orca Street, the three pilot shelters, and 1568 East 12<sup>th</sup> Avenue. The construction schedule has been built around tasks that can be undertaken early in the season and is anticipated to follow the rough timeline below:

- Repairs to the Airport Manager's Office (800 Merrill Field Drive) primarily include replacement of the existing failing roof system with some exterior repairs (including siding and paint). This work is expected to begin construction in early July and be completed by fall of 2023.
- The building located on 1025 Orca Street includes replacement of exterior doors and windows, construction of new suite entry canopies, and improvements to the siding (including paint). This work is expected to begin in late July, continue through August and extend into September 2023.
- The three (3) pilot shelters mostly involve product replacement and will be completed between other tasks as the overall project progresses.
- The building located on 1568 E. 12<sup>th</sup> Avenue involves new fire escape stairs, a new code-compliant electrical service, new accessible building entry, and improvements to the siding (including paint). Construction schedule for this building will be determined at a later date once final negotiations on costs and scope of work are completed, which is expected to occur within the next few weeks.
- The work scheduled to occur on the Merrill Field Maintenance Building (835 Merrill Field Drive) includes replacing and reinforcing the retaining wall in the sand storage area, providing exhaust evacuation system and ceiling fans in maintenance bays, replacing a failing hot water heater, replacing lighting throughout shop with LED lighting, and other various mechanical and electrical work. Exterior work on the building includes installing new insulation and weather protection on the walls and replacing

the roof. Due to the long lead times associated with the materials included in this work, it is unlikely the building repairs can be completed prior to the funding deadline of April 30, 2024. An extension of the funding deadline has been requested.

To maximize the timeline for construction within the existing funding deadline, we would like to extend the contractor's completion date to April 30, 2024. If the funding deadline is not extended, project closeout for all the buildings is expected to run through the month of April 2024 with all contract work to be completed on or before April 30, 2024.

The amended project budget for the GC portion of this contract only includes construction costs for Building 800 (as completed under Amendment 1), Building 1025, and the three Pilot Shelters, all of which have been identified in bold.

**Current Construction Manager (CM) Project Budget:**

Construction Manager Fee           \$46,896.00

**Amended General Contractor (GC) Project Budget:**

<b>Building 800</b>	<b>\$892,946.00</b>
<b>Building 1025</b>	<b>\$4,221,167.00</b>
<b>Campground Pilot Shelter</b>	<b>\$186,915.00</b>
<b>Whisky Pilot Shelter</b>	<b>\$73,333.00</b>
<b><u>Alpha Pilot Shelter</u></b>	<b><u>\$95,217.00</u></b>
<b>Total to Date:</b>	<b>\$5,469,578</b>

Building 1568	\$TBD*
Building 835	\$TBD*

\*Construction costs are estimated and to-be-determined through third-party negotiations

The costs for the remaining buildings are yet to be determined and actual costs for repairs to each building will be individually negotiated with RHC once the project manual and drawings have been completed, approved by the Municipality's Development Services Department, and issued for construction; with the maximum value of the contract not to exceed \$6,860,000.00.

After meeting with members of the Anchorage Assembly at the Enterprise Utility Oversight Committee (EUOC) on April 21, 2023, it was determined that a guaranteed maximum price (GMP) for each building must be negotiated, accepted, and presented for Assembly approval before construction may begin on each building. I will provide subsequent justification memoranda and contract amendments for each individual building rehabilitation.