

Clerk's Note: Motion to postpone action on AM 621-2013 to January 28, 2014 passed on November 5, 2013. Notice of Reconsideration was given by Ms. Johnston on November 6, 2013. **MUNICIPALITY OF ANCHORAGE**
Reconsidered 11-19-13.

ASSEMBLY MEMORANDUM

CLERK'S OFFICE

AMENDED AND APPROVED

No. AM 621-2013

Date: 12-3-13

Meeting Date: November 5, 2013

Motion to pay off the balance of \$1,341,662.46
passed 12-3-13

1 From: MAYOR

2

3 Subject: Change Order No. 2 to Roger Hickel Contracting, Inc. for the Plant 2A
4 South Staging and Storage Area and Gas Piping Upgrades Project,
5 Contract No. C-20134106, Municipal Light & Power (ML&P)
6 (\$4,950,116.67)
7

8 In April of 2013, ML&P entered into a contract with Roger Hickel Contracting for
9 construction and development of the Plant 2A South Staging and Storage and Gas
10 Piping Upgrades Project. This project, which is now under construction, involves
11 replacing and realigning the existing natural gas piping to the existing generation
12 plant; providing for an additional high pressure gas connection point for future use
13 by the new Plant 2A; developing approximately five acres of native land as a staging
14 and storage area; installation of new high voltage conduit raceways; installation of
15 in-field storm water retention systems; and other ancillary work.
16

17 Change Order No. 1 was issued for electrical design changes to meet NEC code;
18 removal of initial excess unusable soils from the project site; and for
19 stockpiling/handling and hauling of structural fill material above project bid
20 quantities. This Change Order resulted in an increase of \$372,439.85 to the
21 contract.
22

23 Proposed Change Order No. 2, in the amount of \$4,950,116.67, provides additional
24 contingent funding and identifies all known costs to complete the project. The
25 magnitude of this change order is due to unknown quantities of organic materials
26 deposited on to the site at some point in the past; project start delays due to
27 migratory birds nesting within the site; delayed receipt of the BLM driveway permit;
28 and a compressed project schedule. As detailed in the attached Departmental
29 Memorandum, the following summary represents the increased costs and additional
30 work under this change order request:
31

32	• Removal of Excess Unusable Soils	\$ 1,168,725.60
33	• Stockpiling/Handling of Import Material	\$ 28,531.92
34	• Type IIA Structural Material Import	\$ 1,112,963.00
35	• Additional Crews & Equipment due to Delays	\$ 1,341,662.46
36	• Stormwater Retention System Re-design/Upsizing	\$ 536,847.22
37	• Additional Civil Design Changes	\$ 398,388.55
38	• Misc. Design Clarification/Variation Costs	\$ 362,997.92
39		
40	TOTAL Change Oder No. 2	\$ 4,950,116.67

41

1 It is noted that ML&P and Hickel Contracting, Inc. have worked diligently to keep this
2 project on schedule in light of the setbacks and delays impacting this project. It is
3 also noted that the continuation of work without proper notification or approval of a
4 change request through the Assembly is outside of the department's authority. The
5 Administration has addressed this issue with the department and has been assured
6 that any future projects or change order needs will be processed in accordance with
7 Municipal Policy and in compliance with AMC Title 7 accordingly.

8
9 Based upon the above information and attached Department Memorandum, it is
10 respectfully requested that Change Order No. 2 to Contract No. C-20134106 to
11 Hickel Contracting, Inc. be approved in the amount of \$4,950,116.67 for a total
12 revised contract amount, not to exceed \$10,719,731.52.

13
14 Prepared by: Ronald S. Hadden, Purchasing Officer

15
16 Fund Certification: Lucinda Mahoney, CFO
17 531-M3120-1071-M10956-BP 2013 - \$4,950,116.67
18 (2013 Capital)

19
20 Concur: George J. Vakalis, Municipal Manager

21
22 Respectfully Submitted: Daniel A. Sullivan, Mayor
23



DATE: October 23, 2013

TO: Ron Hadden, Purchasing Officer, MOA

THRU: *Richard E Miller*
For James M. Posey, General Manager, ML&P

THRU: Eugene Ori, Acting Generation Manager, ML&P *Eugene Ori*

THRU: Kevin Mitchell, Plant 2 Superintendent, ML&P *K. Mitchell*

FROM: Jon Rivera, Project Manager, ML&P *K. Mitchell for Jon Rivera*

SUBJECT: Change Order No. 2 to PO 20134106 with Roger Hickel Contracting, Inc.
Plant 2A SSSA and Gas Piping Upgrades
Tracking No. GEN#82-13

It is requested that Assembly action be initiated for approval of Change Order No. 2 to Purchase Order No. 20134106 with Roger Hickel Contracting, Inc. This change order will increase the contract by \$4,950,116.67, for a revised contract amount of \$10,719,731.52. The original contract award was approved in the amount of \$5,397,175.00. As part of this original award, contract change order authority was authorized in the amount of \$375,000 pursuant to AMC 7.15.080 A.4.

This original project consisted of: replacing and realigning the existing natural gas piping to the existing generation plant; providing for an additional high pressure gas connection point for future use by Plant 2A; developing approximately five acres of native land as a staging and storage area; installation of new high voltage conduit raceways; installation of in-field storm water retention systems; and other ancillary work. With exception of the natural gas piping replacement to the existing plant, the remaining work is in support of the new Plant 2A Expansion Project that is scheduled for formal Notice to Proceed within next 45 days. Detailed plans and specifications for the Plant 2A SSSA and Gas Piping Upgrades was issued through Invitation to Bid (ITB) No. 2013C015 and was subsequently approved through Assembly Memorandum AM 257-2013, dated April 23, 2013.

The following summarizes the Change Orders issued to date, and the additional work required under Change Order No. 2 to complete this project:

Change Order No. 1 was issued for electrical design changes to meet NEC code and for initial excess unusable soils required to be removed from the project site and for stockpiling/handling and hauling of structural fill material above project bid quantities. Change Order #1 increased the contract amount by \$372,439.85 for a revised contract amount of \$5,769,614.85.

Proposed Change Order No. 2 identifies all known additional costs to complete the project. The magnitude of this change order is due to unknown quantities of organic materials deposited on to the site at some point in the past; project start delays due to migratory birds nesting within the site; delayed receipt of the BLM driveway permit; and a compressed project schedule. The significance of these impacts strained both the contractor's resources as well as ML&P's resources in realigning the various sub-contractors work to maintain scheduled outages for testing and cutover to the newly installed gas pipe lines serving the existing turbine plant. All planned utility outages are scheduled and approved well in advance among all railbelt utilities in order to assure adequate generation capabilities are available to support the electrical grid. Re-adjusting or changing these generation resources is difficult as the other operating utilities have their planned maintenance and outages racked and stacked within this schedule as well.

Along with these challenges, additional geotechnical investigations were required to assure no detrimental impacts would be encountered due to the potential lateral flow of storm water from the planned in-field stormwater retention systems. The revised depth and size of these retention systems could undermine both the planned installation of the new gas line as well as potentially destabilizing the embankment on the south side of the new Plant 2A building site. The coordination of these impacts culminated with substantial additional resources and equipment to be deployed to maintain completion of the project within the current construction season. The completed development of this site is needed and will be turned over to the recently approved EPC Contractor for immediate use for the construction of the new Plant 2A Generation Project.

In keeping this project on schedule, Hickel Construction and their sub-contractors adjusted their resources and have diligently worked to keep this project on track. Likewise, ML&P in coordination with Hickel Construction endeavored to solidify the increased materials, labor, and equipment impacts under evolving project conditions. It is acknowledged that ML&P has incurred substantial increases on this project and in hindsight should have noticed the Administration and Assembly of the potential cost impacts.

The following items represent the increased costs and additional worked required under proposed Change Order No. 2:

Excess Unusable Soils and Associated Structural Fill

During construction of the South Staging and Storage Area, excess unusable soils (soils not meeting Municipality of Anchorage Standard Specifications M.A.S.S. structural requirements) were discovered in amounts significantly above estimated quantities listed in the bid documents. To deal with this changed condition, the Contractor agreed to round robin haul, as much as possible, unusable soils from the project site and on the return side, import structural material back to the project site. The Contractor agreed to limit one-way hauling, stockpiling and double-handling of the import material as much as possible. Below is a breakdown of the costs for these activities.

Excess Unusable Soils

Estimated Bid Quantity: 14,600 cubic yards

Change Order #1 amount: 11,040 cubic yards @ \$17.65/cy (Round Robin)

Change Order #2 amounts:

Export Haul (Round Robin) → 36,850 cubic yards @ \$17.65/cy

Export Haul (One-Way) → 14,310 cubic yards @ \$27.41

1200 East First Avenue • Anchorage, Alaska • 99501-1685

Phone 907.279-7671 • Fax 907.263.5862

www.mlandp.com

Estimated Export Haul (One-Way) remaining → 4,600 cy @ \$27.41/cy

Sub-Total: \$1,168,725.60

Stockpiling/Handling of Import Material

Change Order #1 amount: 20,103.56 tons @ \$5.95/ton

Change Order #2 amounts: Additional Handling → 4,795.28 @ \$5.95/ton

Sub-Total: \$28,531.92

Excess Type IIA Structural Material Import

Estimated Bid Quantity: 66,400 tons

Change Order #2: Qty. Above Bid Estimate → 38,521.25 tons @ \$15.20/ton

Estimated remaining → 34,700 tons @ \$15.20/ton

Sub-Total: \$1,112,963.00

The net increase total of **\$2,310,220.52** includes the estimated amounts to project completion. Costs to be paid to contractor will be based upon actual quantities removed/delivered at the site.

Cost Impacts Due to Migratory Bird Treaty Act

There are significant cost impacts to the Contractor and its subcontractors as a result of the delayed start date. As directed within the Contract documents, the Contractor initiated a Bird Watch Survey in order to comply with the federal Migratory Bird Treaty Act (MBTA). The presence of several species of wildlife protected under this act were detected which prevented the Contractor from performing any clearing/grubbing activities. As a result, the Notice-to-Proceed that was given to the Contractor on May 8, 2013 was effectively postponed until July 16, 2013.

In order to maintain the project schedule, the Contractor (and its subcontractors) had to work extended hours and significantly increase their manpower and equipment. Below is a cost breakdown of these additional costs.

General Contractor: Roger Hickel Contracting, Inc.	\$ 651,807.70
Electrical Subcontractor: Redi Electric, LLC	\$ 429,256.62
Mechanical Subcontractor: Udelhoven Oilfield System Services, Inc.	\$ 241,312.64
Pipe Coating Subcontractor: DAMA Industrial, LLC	\$ 19,285.50
Total	\$1,341,662.46

Stormwater Retention System Re-Design/Upsizing

As additional excavation was required to remove unusable soils from the site, it became more cost effective to re-design/upsized the planned stormwater retention systems. The original bid design (without a paved surface) provided for a certain amount of stormwater to naturally percolate over the entire site surface. With the need to over excavate the unsuitable materials, it became more cost effective to upsize the retention systems to accommodate the future use of the SSSA Site for longer term needs of the Utility. This re-design considered a paved surface with containment systems adequately sized to account for the additional stormwater storage

capacity. By designing the site with a hard pavement surface, stormwater would be prevented from naturally draining into the ground. As such, the stormwater would be concentrated at the retention systems requiring increased capacity. To accommodate the re-designed retention systems, a lump sum price of **\$536,847.22** has been added to the contract price.

Cost Impacts Due to Additional Civil Design Changes/Scope of Work

Design change requirements were brought forth by the MOA Building Permit Plan Review Office that included the addition of a third stormwater retention system on the project site and additional slope stabilization work. This additional scope of work resulted in a lump sum increase of \$161,343.00.

Other civil work was necessary for the following areas in order to achieve a structural base for the roadways and storage areas:

- Excavation of existing natural gas pipelines to facilitate the construction of the South Staging and Storage Area prior to the scheduled shut downs for the gas piping cutovers. Lump sum increase of \$103,528.98.
- Additional excavation/hauling and backfilling due to unusable soils located in Pioneer Drive to a depth of 7 feet to remove logs and trees. Lump sum increase of \$37,723.60.
- Removal of excess unusable soils under the existing gas lines. The original bid specified the natural gas pipelines to be abandoned in place. However, the pipelines had to be removed in order to excavate the unusable soils located in the structural roadway. Lump sum increase of \$59,282.77.
- Limited excavation and stabilization of a 2:1 slope that was laden with logs, stumps and other organic materials. Rather than chase the unusable soils into the slope in a non-structural area, it was more feasible to excavate the slope to a 2 foot depth and install rip rap rock to stabilize the slope. Lump sum increase of \$36,510.20.

These changes are accounted for in a lump sum increase of **\$398,388.55**.

Miscellaneous Design Clarification/Variation Costs

The remainder of the cost increases are due to necessary electrical and mechanical field modifications due to existing utilities/obstructions encountered during construction. These changes are accounted for in a lump sum increase of **\$362,997.92**.

Revised Completion Date

In addition to the change order increases noted above, a 45 day time extension will be provided to the Contractor for completion of the **above-ground electrical work ONLY**. Extension is due to the electrical subcontractor's schedule impact which was beyond their control. The underground electrical work will be completed by the original contract completion date.

Based on the above information, it is requested that Change Order No. 2 be approved for an amount not to exceed \$4,950,116.67. The contract summary is as follows:

Original Award	\$	5,397,175.00
Change Order 1 (Increase)	\$	372,439.85
Change Order 2 (Increase Contract Amount by \$4,950,116.67)	\$	<u>4,950,116.67</u>
REVISED CONTRACT AMOUNT		\$10,719,731.52

Funds are available in PSFIS

531 – M3120 – 1071 – M10956 – BP 2013 \$ 4,950,116.67
(2013 Capital)

Richard E Miller *10-24-13*

Richard E. Miller, Chief Financial Officer and Assistant General Manager, ML&P



NOTICE OF RECONSIDERATION

I hereby file notice of reconsideration on the following item from the Agenda of the November 5, 2013 Regular Meeting of the Anchorage Municipal Assembly:

Item 9.D.9: Assembly Memorandum No. AM 621-2013, Change Order No. 2 to Roger Hickel Contracting, Inc. for the Plant 2A South Staging and Storage Area and Gas Piping Upgrades Project, Contract No. C-20134106, Municipal Light & Power (ML&P) (\$4,950,116.67), Purchasing Department.

I voted on the prevailing side of the item.

Dated this 6th day of November 2013.



Jennifer Johnston, Assembly Member

Seconded by: _____

-----Original Message-----

From: Demboski, Amy

Sent: Wednesday, November 06, 2013 1:23 PM

To: Jones, Barbara A.

Cc: Johnston, Jennifer

Subject: Second for motion to reconsider ML&P change order.

Importance: High

Barbara,

I will second the motion to reconsider the ML&P / Roger Hickel contract change order.

Respectfully,

Amy Demboski

Assembly Member

Chugiak, Eagle River & JBER

Barbara,


11/6/13

I wish to second the
motion to reconsider item 909.
AM No. AM621-2013, Change Order
No 2 to Roger Hinkel Contracting, Inc.
for Plant 2A South Staging and Storage
Area and Gas Piping Upgrades Project.

Respectfully,

Amy Demboski

Amy Demboski
Assembly Member

signed at 7:48 pm
on 11/6/13. 



MUNICIPALITY OF ANCHORAGE

ASSEMBLY INFORMATION MEMORANDUM

No. AIM 129-2013

Meeting Date: November 19, 2013

1 From: Mayor

2
3 Subject: Additional Information to AM 621-2013, Change Order No. 2 to Roger
4 Hickel Contracting, Inc. for the Plant 2A South Staging and Storage Area
5 and Gas Piping Upgrades Project, Contract No. C-20134106, Municipal
6 Light & Power (ML&P) (\$4,950,116)
7
8

9 The following additional information is presented for the Assembly's review as a result
10 of actions taken at the November 5, 2013 meeting.
11

12 Negotiations were conducted between ML&P and the contractor prior to submission of
13 No. AM 621-2013.

- 14 • Contractor agreed during negotiations to minimize one way hauling and double
15 handling during the removal of excess Unusable Soils.
16 • Additionally, the contractor agreed that charges would be invoiced based on the
17 actual number of trips, thus the \$2,310,220.52 amount is an estimated not to
18 exceed amount and not a firm fixed dollar amount as are the other elements that
19 were negotiated.
20

21 Pursuant to the direction of the Assembly, Ronald Hadden, Purchasing Officer for the
22 Municipality, approached the contractor on November 6, 2013 to determine if there was
23 a willingness to reopen negotiations. I was informed that negotiations had been
24 conducted with ML&P and were complete from their perspective. In addition, the
25 contractor is remaining on site to complete the project on time thus not jeopardizing the
26 schedule for the Power Plant 2 expansion per the contractual agreement.
27

28 Prepared by: Ronald S. Hadden, Purchasing Officer

29
30 Concur: Lucinda Mahoney, CFO

31
32 Concur: George J. Vakalis, Municipal Manager

33
34 Respectfully submitted: Daniel A. Sullivan, Mayor

MUNICIPALITY OF ANCHORAGE
ASSEMBLY INFORMATION MEMORANDUM

No. AIM 139-2013

Meeting Date: December 3, 2013

1 **From:** MAYOR

2
3 **Subject:** Supplemental Information to AM 621-2013, Change Order No. 2 to Roger
4 Hickel Contracting, Inc. for the Plant 2A South Staging and Storage Area
5 and Gas Piping Upgrades Project, Contract No. C-20134106, Municipal
6 Light & Power (ML&P) (In the Remaining Amount of \$1,341,662.46)
7
8

9 During the Assembly meeting of November 19, 2013, the subject Assembly
10 Memorandum was bifurcated and was subsequently approved in the reduced amount of
11 \$3,608,454.21. The remaining Change Order request, in the amount of \$1,341,662.46,
12 was postponed until the meeting of December 3, 2013 pending additional information
13 regarding directed delays and costs associated with the project, and more specifically, the
14 Migratory Bird Treaty Act (MBTA). The following supplemental information is being
15 provided to assist the Assembly in understanding the delays, and ML&P's role as it
16 relates to the permitting, MBTA, and associated cost impacts.
17

18 Permits: This project began in early March of 2013, as CRW and Coffman (the two
19 engineering firms acting on behalf of ML&P) entered into pre-planning review services
20 with the Municipal Plan Review office. The entire engineered permit package was
21 transmitted to the Plan Review Office on May 7, 2013, and the resulting permit was
22 issued on June 17, 2013 (within the standard turn-around times for plan
23 review/permitting).
24

25 For clarification purposes, the submission and any associated plan review corrections are
26 the responsibility of ML&P as this was a fully designed/engineered project (engineer of
27 record) on behalf of ML&P. As the permit was not approved until June 17, 2013, the
28 project delay through June 17th is ultimately the responsibility of the Owner, ML&P.
29

30 Migratory Bird Treaty Act (MBTA): The MBTA "nesting bird window" for land clearing
31 activities is in effect between May 1st and July 15th of the calendar year. Any planned
32 clearing and grubbing activities during this window is not necessarily impossible, but does
33 require additional precautions and surveys to be performed in conjunction with any follow-
34 on clearing & grubbing activities. Additionally, any clearing activities would need to be
35 executed quickly in coordination with any bird survey work, as the population of nesting
36 birds can change rapidly in the nesting season.
37

38 RHC commissioned the bird survey within three (3) days of receiving the building permit
39 to determine the extent of nesting birds on the site. As also required under the contract,
40 RHC notified the U.S. Fish & Wildlife (USFW) of the proposed clearing activities that
41 might be undertaken within the bird window. This drew an immediate reaction from
42 USFW regarding its concern about allowing any work to occur during the bird window.

1
2 Ultimately, the bird survey did establish the presence of nesting birds, and with the
3 cautionary call from USFW, ML&P directed RHC to postpone any clearing and grubbing
4 activities until July 16, 2013.

5
6 Delays: As indicated, the delay in the permitting process until June 17th and the directed
7 postponement of work during the bird window until July 16th, effectively removed ten (10)
8 weeks of time early in the construction season. Compounding this delay was the fact that
9 ML&P had not received an anticipated driveway permit from BLM that essentially limited
10 access to a single point for all site ingress and egress activities.

11
12 Schedule: Separate from the delays above, but in context with performance under the
13 Contract, ML&P had a series of coordinated activities and work that was driving the need
14 to complete the project within the original time schedule, i.e. gas line cutover and
15 associated shut down of generation facilities; need for completion of extensive electrical
16 work; and ultimate site turnover to the follow-on EPC Contractor. Revising or deferring the
17 completion of the RHC contracted work into the winter of 2013, or extending into the
18 spring of 2014, would be expensive and would undoubtedly incur delay costs and added
19 expense to the follow-on EPC Contractor. As such, ML&P required that the project be
20 completed within the original 2013 schedule, and further requested RHC to adjust their
21 performance of work in light of the compressed completion schedule.

22
23 Impacts: As required under MASS (Municipality of Anchorage Standard Specifications)
24 RHC officially noticed ML&P on June 27th that there would be additional cost impacts to
25 maintain the project completion schedule in light of the ten (10) week delay in the start
26 schedule. These additional cost impacts required RHC to provide additional manpower
27 and resources, extend work hours (7x12), and provide additional equipment in order to
28 maintain the completion schedule as required by ML&P.

29
30 In Summary: The cost impacts associated with this change order are directly attributable
31 to the additional labor, resources, and equipment required to maintain the project within
32 the compressed completion schedule. Although MASS allows for it, RHC has not
33 requested, nor has ML&P authorized, any stand-by, delay, or suspension costs on this
34 contract.

35
36 As a final clarification, in its memorandum dated October 23 submitted with AM 621-2013,
37 ML&P inadvertently used a paragraph header that described the cost impacts of this
38 element of the change order as being solely "Cost Impacts due to Migratory Bird Treaty
39 Act". While the MBTA decision did delay the start of the project for about a month, it is not
40 the sole source of the costs. The request for contract authority for the \$1.3 million is
41 attributable to the compressed completion schedule requested by ML&P. ML&P
42 requested the compressed schedule to keep the entire project on track. It was a
43 business decision made in the best interest of ML&P ratepayers, necessitated by a
44 number of factors.

45
46 Prepared by: Eugene Ori, Acting ML&P Generation Manager
47 Approved by: James M. Posey, ML&P General Manager
48 Concur: Ronald S. Hadden, Purchasing Officer
49 Concur: George J. Vakalis, Municipal Manager
50 Respectfully submitted: Daniel A. Sullivan, Mayor