

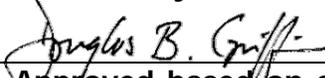
**CITY OF PALMER  
ACTION MEMORANDUM NO. 12-002**

**Subject:** Authorize the City Manager to Execute Change Order Number One (1) to TC Construction Company to Install an Additional 40 Cubic Yards of Concrete and Associated Rebar and Formwork at the MTA Events Center Project in the Total Amount of \$24,363.07

**Agenda of: January 10, 2011**

**Council Action:** Authorized \_\_\_\_\_

**Approved for presentation by:**

<b>City Manager</b>	
<b>City Attorney</b>	<b>Approved based on administrative recommendation to settle the matter</b>
<b>City Clerk</b>	

**Certification of Funds:**

Total amount of funds listed in legislation: \$ 24,363.07

This legislation (√):

- Has no fiscal impact
- Funds are budgeted from this (these) line item(s): ➤ 01-05-6225 Construction
- Funds are not budgeted. Budget modification is required. Affected line item(s):

Unrestricted/undesignated fund balance (after budget modification) \$ \_\_\_\_\_

Director of Finance signature certifying funds: \_\_\_\_\_ 

**Attachment(s):**

- General Ledger Detail vs Budget

**Summary statement:** The building manufacturer (HCI) recommended an alternate design for the HCI proprietary steel building system after bid day. The original bid design was based on the recommendations of the local HCI sales representative who was not employed by HCI as an engineer. The concrete designed in the original bid foundations reflected the best estimate of the structural engineer for the footing sizes. The alternate design reduced the number of intermediate columns from eight to two. The result of this decision was that the point loading for all the columns was significantly increased this led to approximately twice as much concrete and rebar being required.

As of October 28, 2011, the balance showing in the construction line item is \$712,911.64 and a balance of \$735,179.04 total remains for the project.

A construction Progress Meeting was held on December 9, 2011. During the meeting, Gary Wolf explained what led to the extra cost.

Mr. Wolf explained that he consulted with HCI's local representatives during the design as due diligence in formulating the most straightforward, cost effective method of adding onto the existing building. (HCI is the manufacturer of the existing building.) HCI's local representatives

are experienced with the general design of the HCI system and indicated their best guess as to the most economical approach to add onto the structure. Once TC Construction was awarded the project, HCI engineers visited the site and suggested an alternative approach would be their preference and, because the structural system is proprietary, we agreed to proceed with the alternate approach. Mr. Wolf explained, once again, when utilizing pre-manufactured steel building assemblies, the building designer designs the steel structure and publishes the structural reactions to a local engineer who designs the foundation based on the steel reactions. Mr. Wolf indicated that the City of Palmer was made aware, prior to the project bidding, that the one unknown in the design/build process was that the amount of concrete required in the foundation cannot be accurately predicted until reactions are received from the building supplier. Mr. Wolf indicated that it was possible that the increased wind speed for building design from 90 mph to 110 mph might have added additional loads and thus increased the amount of concrete. The conclusion of the statements from the representatives of TC Construction and HCI were that:

1. The design of the structural frame is a performance based specification. The modification of the steel frame was within the prerogative of HCI to reevaluate since it is their proprietary structural system.
2. The design changes in the footings for the HCI modifications were completed at no additional cost and represents a benefit to the City of Palmer.
3. The revised design increases the amount of steel in the building and also increases the loads on the foundation. Any additional steel was included at no additional cost to the City of Palmer. As well, additional labor for demolition and to erect the frame has been included at no additional cost to the City of Palmer. The only cost passed on to the City of Palmer is the increase in concrete which could not have been determined until the steel frame was designed, which happened after the date of the bid.
4. TC's bid was based on an estimate of concrete for the steel frame HCI's representatives indicated as the most likely design strategy to add onto the structure. The modified HCI design reduced the number of columns in the structural design and it was logical to assume that a reduction of columns and associated footings of the original bid design would equate in mass to the few larger footings. In addition, given the pressure of the tight construction schedule, the go-ahead was given to HCI to complete the revised design.

Mr. Wolf indicated that the modified structural system was an upgrade to the system which was bid noting the new design calls for fewer columns which means less obstructed viewing from the mezzanine.

This work was accomplished by TC Construction in July 2011 and has been the topic of discussions and meetings off and on ever since. The final meeting on December 9, 2011, brought all parties together to resolve the matter. The City has agreed to compromise on payment of the claim in order to settle the matter without admitting the City did anything wrong. As a result of delayed payment, TC Construction assessed interest charges as follows:  $\$23,588 \times 8\% \times 150 \text{ days} = \$775.00$ .

**Administration recommendation:** Approve action memorandum 12-002.

YEAR : Jan-2011 / Dec-2011  
FUND : 08 -General CIP - Projects  
DEPT : 01 General CIP - Projects

PERIOD TO USE: Jan-2011 THRU Dec-2011  
ACCOUNTS: 01-05-6011 THRU 01-05-6235

DATE	TRAN #	REFERENCE	DESCRIPTION	VENDOR	INV/JE #/PO #	BUDGET	ACTIVITY	BALANCE		
	01-05-6011		Salaries							
9/23	P00662	PYEXP	PR 9/23/11 PPE 9/18/				46.48			
				===SEP TOTAL===		0.00	46.48	46.48CR		
===ACCT TOTALS===			CURRENT BUDGET:	0.00	ACTIVITY:	46.48	ENCUMBERED:	0.00	BALANCE:	46.48CR

	01-05-6012		Benefits							
9/23	A59672	CHK: 000000	FICA Tax	10018 Internal Revenu T3	201109200745		2.88			
9/23	A59672	CHK: 000000	Medicare Tax	10018 Internal Revenu T4	201109200745		0.67			
9/23	A59673	CHK: 000000	PERS Tier 4 EE/ER Co	10130 PERS/TRS	115201109200745		2.32			
9/23	A59673	CHK: 000000	PERS T4 Ret Med Cont	10130 PERS/TRS	116201109200745		0.24			
9/23	A59673	CHK: 000000	PERS Tier 4 ODD Cont	10130 PERS/TRS	117201109200745		0.09			
9/23	A59673	CHK: 000000	PERS Tier 4 HRA Cont	10130 PERS/TRS	118201109200745		0.85			
9/23	B08808		PERS/TRS TIER IV DBU		JE# 091113		6.73			
				===SEP TOTAL===		0.00	13.78	13.78CR		
===ACCT TOTALS===			CURRENT BUDGET:	0.00	ACTIVITY:	13.78	ENCUMBERED:	0.00	BALANCE:	13.78CR

	01-05-6220		Engineering - Arena							
1/28	A51548	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	11-00223	E	64,555.00			
		04/08/2011								
				===JAN TOTAL===			5,379.62	64,555.00	59,175.38CR	
4/08	A53864	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	09-39	E	1,127.50CR			
4/08	A53864	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	09-39		1,127.50			
4/08	A53865	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10D	E	1,875.00CR			
4/08	A53865	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10D		1,875.00			
4/08	A53866	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10E	E	3,000.00CR			
4/08	A53866	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10E		3,000.00			
4/08	A53867	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10P2A	E	4,500.00CR			
4/08	A53867	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10P2A		4,500.00			
4/08	A53868	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	10-24A	E	541.25CR			
4/08	A53868	CHK: 088682	WOLF ARCHITECTURE	11726 Wolf Architectu	10-24A		541.25			
				===APR TOTAL===			5,379.58	0.00	5,379.58	
6/10	A56657	CHK: 089226	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10P2B	E	15,465.00CR			
6/10	A56657	CHK: 089226	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10P2B		15,465.00			
				===JUN TOTAL===			5,379.58	0.00	5,379.58	
7/22	A58043	CHK: 089500	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10 P2 C	E	4,339.50CR			
7/22	A58043	CHK: 089500	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10 P2 C		4,339.50			
				===JUL TOTAL===			5,379.58	0.00	5,379.58	
8/05	A58467	CHK: 089583	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10 P2 D	E	33,706.75CR			
8/05	A58467	CHK: 089583	WOLF ARCHITECTURE	11726 Wolf Architectu	10-10 P2 D		22,885.69			
				===AUG TOTAL===			5,379.58	10,821.06CR	16,200.64	
10/21	A60793	CHK: 090028	Safety Plan Review F	10126 State Of Alaska MTA	Event Ctr		150.00			
				===OCT TOTAL===			5,379.58	150.00	5,229.58	
===ACCT TOTALS===			CURRENT BUDGET:	64,555.00	ACTIVITY:	53,883.94	ENCUMBERED:	0.00	BALANCE:	10,671.06

YEAR : Jan-2011 / Dec-2011

FUND : 08 -General CIP - Projects

PERIOD TO USE: Jan-2011 THRU Dec-2011

DEPT : 01 General CIP - Projects

ACCOUNTS: 01-05-6011 THRU 01-05-6235

DATE TRAN # REFERENCE =====DESCRIPTION===== VENDOR INV/JE #/PO # =====BUDGET===== =====ACTIVITY===== =====BALANCE=====

01-05-6225 Construction - Arena

7/22	A57590	CHK: 089417	Ferguson Enterprises	10158	Ferguson Enterp	CM111714			53.62	CR
7/22	A57591	CHK: 089417	Ferguson Enterprises	10158	Ferguson Enterp	1064831			8,471.49	
7/22	A57592	CHK: 089417	Ferguson Enterprises	10158	Ferguson Enterp	1064831-1			533.03	
7/22	A57593	CHK: 089417	Ferguson Enterprises	10158	Ferguson Enterp	1068513			23.75	
7/22	A57594	CHK: 089417	Ferguson Enterprises	10158	Ferguson Enterp	1068572			53.62	
7/22	A57595	CHK: 089417	Ferguson Enterprises	10158	Ferguson Enterp	1068730			434.47	
7/22	A57675	CHK: 089425	Carquest Auto Parts	10353	Carquest Auto P	2541-148196			205.56	
7/22	A57678	CHK: 089427	Alaska Pacific Renta	10370	Alaska Pacific	29498			1,235.75	
7/22	A57679	CHK: 089427	Alaska Pacific Renta	10370	Alaska Pacific	29499			1,303.42	
					===JUL TOTAL===		92,004.21	12,207.47	79,796.74	
8/19	A58521	CHK: 089595	Airport Equipment Re	10115	Airport Equipme	02-092427-03			7,485.15	
8/19	A58555	CHK: 089644	TC Construction, Inc	11387	TC Construction	PE1			70,000.00	
					===AUG TOTAL===		92,004.21	77,485.15	14,519.06	
9/23	A59679	CHK: 089827	TC Construction, Inc	11387	TC Construction	PE2			114,500.00	
9/23	B08842		GL OPS PPE 9/18/11		JE# 091112				1.47	
9/23	B08842		Workers Comp PPE 9/1		JE# 091112				1.91	
9/23	B08842		Leave PP E9/18/11		JE# 091112				6.88	
9/23	B08842		Health Ins PPE 9/18/		JE# 091112				17.54	
9/27	A60927	CHK: 090106	TC Construction, Inc	11387	TC Construction	PE3			186,412.60	
9/30	A59803	CHK: 089871	HD Supply Waterworks	10764	HD Supply Water	3594964			505.80	
					===SEP TOTAL===		92,004.21	301,446.20	209,441.99	CR

===ACCT TOTALS=== CURRENT BUDGET: 1,104,050.46 ACTIVITY: 391,138.82 ENCUMBERED: 0.00 BALANCE: 712,911.64

01-05-6235 Contingencies - Arena

7/22	A57670	CHK: 089418	Anchorage Daily News	10182	Anchorage Daily	896205			398.40	
					===JUL TOTAL===		1,004.58	398.40	606.18	

===ACCT TOTALS=== CURRENT BUDGET: 12,055.00 ACTIVITY: 398.40 ENCUMBERED: 0.00 BALANCE: 11,656.60

REPORT TOTALS

CURRENT BUDGET	PERIOD ACTIVITY	YTD ACTIVITY	ENCUMBERED	BALANCE
1,180,660.46	445,481.42	445,481.42	0.00	735,179.04

YEAR : Jan-2011 / Dec-2011

FUND : 08 -General CIP - Projects

PERIOD TO USE: Jan-2011 THRU Dec-2011

DEPT : ALL

ACCOUNTS: 01-05-6011 THRU 01-05-6235

DEPARTMENT TOTALS

DEPARTMENT	ORIGINAL BUDGET	CURRENT BUDGET	PERIOD ACTIVITY	YTD ACTIVITY
01	0.00	1,180,660.46	445,481.42	445,481.42
===DEPT TOTALS===	0.00	1,180,660.46	445,481.42	445,481.42

## SELECTION CRITERIA

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FISCAL YEAR: Jan-2011 / Dec-2011  
FUND: 08 -General CIP - Projects  
PERIOD TO USE: Jan-2011 THRU Dec-2011

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## ACCOUNT SELECTION

ACCOUNT RANGE: 01-05-6011 THRU 01-05-6235  
DIGIT SELECTION:  
DEPARTMENT RANGE: - THRU -

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## PRINT OPTIONS

REPORT TYPE: DETAIL  
TRANSACTIONS: BOTH  
ACTIVE FUNDS ONLY: NO  
ACTIVE ACCOUNT ONLY: NO  
OMIT ACCOUNTS WITH NO ACTIVITY: NO  
OMIT TOTALS ON ACCOUNTS WITH NO ACTIVITY: YES  
OMIT ACCOUNTS WITH NO BUDGET: NO  
PAGE BREAK AFTER DEPT: NO  
PRINT RESTRICTED ACCOUNTS: NO  
PRINT TOTALS: Monthly  
PRINT: INVOICE #  
BUDGET: Monthly

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