

From: [Rozak, Ron](#)
To: [Jason Miles](#)
Cc: [Sturgulewski, Roe](#); [Kuhn, Joyce](#)
Subject: HS&G Proposal for West Rock Removal
Date: Thursday, October 27, 2016 11:29:54 AM
Attachments: [SKMBT_C28016102617110.pdf](#)
[VNBH RFP 20 Page 2.pdf](#)
[VNBH RFP 20 - Removal of West Rock In-water.pdf](#)

Jason,

I have reviewed the \$1,750,000 cost proposal from Harris Sand & Gravel (HS&G) dated October 26, 2016 (attached) for moving the rock in water at the West basin for the new boat harbor. This cost proposal responds to RFP 20 dated October 23, 2016 (attached) and revises HS&G's previous cost proposal for \$1,725,772, received March 3, 2016. The latest proposal provides a lump sum amount for performing all work associated with the West rock removal, including blasting and removing 400 CY more bedrock than estimated for the March proposal, increased mobilization costs that were mostly allocated to the DD Basin rock removal in the March proposal, approx. 10,000 CY more fill for the drill pad and equal increase in excavation to make up for sediment that has been dredged by WMC, and performance of the work during winter months.

This proposal reflects cost efficiencies compared with the original proposal, such as: having a Corps permit with known conditions that allow bigger charges and larger hole spacing, improved delineation of the bedrock footprint and depths, plan to use an extreme reach excavator, and more flexibility in means and methods than were allowed by the previous plans and specifications. By telephone, Bill Harris confirmed that he will perform all the necessary work for the lump sum amount except for bedrock quantity in excess of 6500 CY.

The current proposal is approximately \$360,000 less than the updated cost projection that I prepared on 10-06-16, which include a 20% contingency for additional bedrock. I recommend this proposal presented to the Council for approval for \$1,750,000, plus a 20% contingency (\$136,500) to allow for potential increase in rock quantity based on surveys, for a total amount \$1,886,500.

Ron

Construction Representative, Valdez New Boat Harbor

Ronald T Rozak, PE | Senior Project Manager | ron.rozak@arcadis.com
Arcadis | Arcadis U.S., Inc. **Cell: 1 907 382 2933**



Be green, leave it on the screen

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October 26, 2016

Mr. Ron Rozak
City of Valdez representative
Project manager

Re; Valdez New Boat Harbor underwater rock removal proposal

Dear Ron,

Per our current and previous discussions and RFP 20 we propose the following revised quote from our March 3,2016 quote for the underwater rock removal in the new float basin. Now know as the West Rock Removal.

We propose a Lump Sum of \$1,750,000.00

This would include placement of fill from the Sea Otter Park to build a drill pad for drilling and blasting operations. Material from the drill pad and the rock beneath would then be excavated and hauled off to the East Drive Down Ramp area as needed or as determined by the City. The remainder of the rock and drill pad material would then be hauled off to Sea Otter and stockpiled for future use.

The price above includes all mobilization and GPS machine control for our largest excavator. The current Lump Sum price is slightly higher than our previous proposal due to the fact that mobilization costs could be spread out over a larger project which included the East Drive Down Ramp. Also this project will now have to be done during the most difficult winter months with some anticipated weather delays.

Lastly the proposal is based on the most recent survey and sounding data available. Bedrock quantities in excess of 6500 CY as determined by the latest Western Marine survey for which data is not available as of this writing would cost an extra \$105.00 per Bank CY. At this time we do not anticipate this happening however.

Please advise if you need additional information at this time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bill Harris". The signature is fluid and cursive, with a large initial "B" and "H".

Bill Harris
President

To: Jason Miles, City of Valdez

From: Roe Sturgulewski, Arcadis U.S., Inc.

Date: October 26, 2016

Arcadis Project No.: AE14090000.0000

Subject: Valdez New Boat Harbor Project Construction Sequencing Options

As requested at the 10/17/16 joint Council / Ports and Harbor Commission work session, this presents three construction sequencing options for Council consideration. Two of the options were initially presented at the work session (Option 1- a single bid package allowing performance of the remaining work after completion of the Western Marine basin construction and Option 2- two bid packages including West rock removal performed over the 2016/2017 winter shutdown season as a Change Order to the Phase 1 Contractor). The third option, requested for consideration at the work session by the Council, includes work packages similar to Option 2 but with West rock removal done as a competitively bid procurement rather than a negotiated change order.

CURRENT PROJECT STATUS

The following presents a brief summary of the Project status.

Phase 1 Site Development

This package includes underground civil works, boardwalks and surface treatments and is on schedule to complete this year. Paving has been deferred to avoid damage from rock trucks hauling in-water rock removal materials. (The amount of in-water rock removal is significantly greater than anticipated when the Ph 1 package was bid).

Basin Construction

Significant progress has occurred on the USACE administered basin construction. Western Marine has completed essentially all base contract West basin dredging. All of the East basin has been excavated to at least minus 14' with about half at the final minus 19' elevation. The \$380,000 Change Order approved by the Council for additional West dredging and armor stone remains in the USACE administrative process with NTP not yet provided. Significant progress has been made on the breakwaters which are being constructed in 4 stages to a top elevation of +19'. The South breakwater is at elevation +10' (stage 3) with the others at a nominal elevation of +4' (stage 2). Breakwater construction is ahead of schedule partially because Western was able to place breakwater rock via both barge and land based trucks. Western has recently taken a winter shutdown.

Western's latest schedule shows basin completion on 12/31/17, the Contract completion milestone. The currently envisioned critical path goes through breakwater construction. This schedule does not include the \$380,000 Change Order (about a month's work) not yet under contract. The remaining dredging (including the Change Order) is anticipated to take about 2 months. Western used two barges in 2017, one for dredging and one for breakwater construction. While it is ahead of their current schedule and required completion date, Western has tentatively agreed to support contractual release of the basin to the City by 9/1/17 if they are allowed continued Upland access and use. This is about four months earlier than required by their Contract and eliminates the potential for additional time associated with the City requested \$380,000 Change Order.

Western's current plan is to restart breakwater construction on 4/1/17. They would build the East breakwater stage 3 using land based trucks and complete the majority of the remaining breakwater via barge. The West nearshore breakwater section would also be done from land. In this scenario, they would leave both their barges in Valdez over the winter and complete all dredging work by June 2017. This approach has shifted from earlier thinking where they would demobilize a barge and perform the remainder of the work sequentially, extending completion date into late 2017.

Design

The design of the remaining work elements is nearly complete with time needed to finalize the bid documents. 100% plans and specifications have been completed for the mooring floats, launch ramp, fish cleaning station, and uplands facilities. 95% plans and specifications have been received for the drive down facility including separate rock removal and float packages. Construction concept level drawings, based on Spring 2016 geotechnical information, have been developed for the West rock removal. These plans require modification after receipt of the Western Marine 2016 bathymetric survey. The survey field work was scheduled for 10/22/16. It's possible the preliminary survey submittal will be given to the City in late October but November receipt is more likely. The Drive Down facility 100% design is anticipated to be completed in December 2016.

The bidding documents terms, conditions and special provisions (frontals) for the remainder of work have not yet been developed. A number of elements have been in flux and the frontals need to be tailored to the specific scope, procurement details and risks. Discussions have occurred on various packaging options for the remainder of the work. The current project team thinking is to combine the work into a larger package(s) to minimize coordination and administration requirements, reduce package coordination risk and other considerations. Finalization of the package structuring and additional design team work will be required to complete this effort.

Budget

More precise definition of the West basin rock has been obtained through additional test pits and dredging. Expected rock quantities have increased based on this additional information. The in-water blasting permit has been obtained with larger rock blasting charges being allowed (and wider drill hole spacing) than expected earlier. Costs for these elements are basically offsetting.

While there is bid target risk, there is an estimated nominal \$1.6 million of unallocated contingency available for construction changes. This assumes proceeding with Option 2, the anticipated lowest cost option. About \$0.4 million of contingency was recently consumed in the 95% DD float submittal. Construction contingency is needed for ongoing construction packages (including the USACE basin contract) and work that has not yet been bid.

Schedule Considerations

The Western completion timing is a significant factor in packaging and bidding the remaining City work. Other considerations include practical construction sequences for some remaining work elements and fabrication of long lead items. Certain elements should be constructed sequentially to minimize costs. One such sequence is West rock, Drive Down rock, Drive Down abutments and East restroom. Doing West rock prior to installation of the adjacent floats is another. There are also a number of long lead offsite fabrication items including floats, piling, certain Uplands Facilities and Drive Down float components that require about 4 to 8 months for delivery. The Critical Path to use the harbor floats likely

includes West rock removal. While the majority of the remaining field work could be performed in any season, minimizing winter work will lower costs.

OPTIONS

Option 1. Bid a single bid package allowing performance of the remaining work after completion of the Western Marine basin construction.

Completion of the remaining work elements is complicated by USACE/Western Marine basin contract timing. Without proactive City action, it will be difficult for anyone but Western to start work in the basin before 2018 given their current 12/31/17 completion milestone. The remaining work packages total a nominal \$25M in value and require a minimum of 2 seasons to cost effectively construct. It would be difficult to allow competitive bids and provide use of the new harbor floats for the 2018 fishing season with this option. While there are alternatives to structure the option and sequence the work, it's unlikely floats could be available for use before late 2018, with the DD float available in mid-2019. One possible approach is shown on the attached schedule. As noted above, major schedule drivers are sequencing rock removal and DD abutment construction, coupled with additional costs and lowered productivity associated with winter work. Option 1 also adds about 8 months to the program duration as compared to Option 2.

There are complexities with this option. The most efficient way to access the West rock is from the West breakwater currently under construction. This access is not available after Western completes the breakwater. Access is further complicated by completion of the \$380,000 change order dredging. Temporary fill pad costs will increase after the additional dredging. This option would also require rebidding the paving work and result in loss of the favorable PH 1 bid prices. Extending the construction duration will increase escalation costs which are currently running a nominal 2 to 3% per year. This is significant given the \$25 million construction program. Extending the construction duration increases consultant costs. There are off setting savings. Performing all the rock removal in one procurement would likely reduce driller and possibly civil contractor mobilization costs. Competitively bidding the rock removal could also potentially result in cost savings. Neglecting any sole source premium, this scenario adds a nominal \$1 million as compared to Option 2.

Option 2. Perform the remaining work in two packages including doing West rock removal during the 2016/2017 winter shutdown season as a Change Order to the Phase 1 Contractor.

Option 2 moves up the West rock work and mitigates many of the Option 1 schedule and cost issues by allowing PH 2 float installation to start in fall 2017. It allows West rock removal to be completed and excess materials moved to the Drive Down float area prior to Western's proposed 4/1/17 start. It allows West 2017 paving at the low PH 1 unit costs. It allows 2018 fishing season PH 2 float use and shortens the overall construction duration about 8 months. The approach allows scope flexibility and the opportunity for the City to mitigate risk through negotiation. It results in a nominal \$1 million savings as compared to Option 1. As discussed in the work session, it requires the City to approve a 7-figure change order. The City Attorney is preparing a memo which will define and quantify this issue.

Harris and Western have contractual and strong working relationships. Western has stated they will not take exception to Harris performing the rock removal as a change order as their risks are mitigated and controllable.

Option 3 - Perform the remaining work in two packages including doing West rock removal over the 2016/2017 winter shutdown as a standalone open procurement.

There are significant issues with this option. A primary benefit of an early West rock removal package is accelerated, competitive delivery of the PH 2 float package. Contractual approval is required from both USACE and Western to move up the Basin Completion Milestone. USACE has stated they will only support this change if requested by Western. Western has stated they are unwilling to accelerate the completion date if the West rock is competitively bid and performed over their winter shutdown as this creates a number of unacceptable risks outside their control.

As shown on the attached schedule, West rock competitive bidding requires 2.5 to 3 more months than negotiation, even assuming the work is performed by the PH 1 contractor. This arises from a number of factors including the increased documentation required for a competitive procurement and increased time needed for follow on phases of the process (review, bid, award, and contract). This extends construction start from early November in Option 2 to February. In addition to increasing weather related construction costs, the delayed start creates schedule risk for Western which they perceive to be outside their control. Even if the existing PH 1 contractor was the low bidder in an open procurement, it's highly unlikely they could complete the West rock removal and movement of excess materials to the Drive Down float area by Western's desired 4/1/17 East breakwater start date. A major factor in Western agreeing to an earlier turnover is the ability for them to concurrently place rock by truck and barge. Breakwater construction is their critical path. Slowing upland rock placement will extend the duration of the work.

Additional time would be required to perform the work if someone other than the existing PH 1 contractor was selected. A new contractor would have to develop and obtain City and State approval for a new Storm Water Pollution Prevention Plan (SWPPP). They would also have to obtain City Board approval for use of the Sea Otter site.

It's in the City's interest to proceed with the PH 2 floats in contractual alignment with the Western/ USACE contract. Pushing back the basin turnover date increases float costs through increased winter work. If start of the PH 2 float installation is held at 9/1/17 without Western concurrence, the City would absorb acceleration risk from Western or delay impact risk from the PH 2 contractor. This approach also decreases the City's ability to mitigate multiple party coordination risk. These risks could result in significant financial exposure to the City. Even if the PH 2 package bid timing is pushed back as late as possible to allow fabrication and delivery of the floats by 9/1/17 it would require PH 2 floats bidding at the start of the West rock removal field work. This would reduce rock removal completion timing visibility and increase Western or PH 2 contractor schedule risk.

Please contact me if you have any questions or if we can provide you with any other information which helps the Council with this procurement option decision. We look forward to working with you to address any questions that the Council may have in order to optimize the forward path to best meet the needs of the community.

Attachments

- 1 Sequencing Option Schedules

**REQUEST FOR PROPOSAL
CONSTRUCTION CONTRACT CHANGES**

DATE: October 23, 2016	RFP #: 20
PROJECT NAME: VALDEZ NEW HARBOR DEVELOPMENT PHASE 1 – UPLANDS	
PROJECT #: 310-6450	
CONTRACTOR: HARRIS SAND & GRAVEL, INC.	
PROPOSAL REQUEST SOURCE (OWNER, CONTRACTOR, DCVR #, ETC.) Owner	

You are requested to submit an itemized quotation for any changes in the contract amount and/or time required by the provision of the proposed contract modifications listed below.

THIS IS NEITHER A CHANGE ORDER NOR A NOTICE TO PROCEED FOR THE WORK DESCRIBED HEREIN.

Written Description of Proposed Work: Removal of West Rock In-water

Provide all the necessary labor, material, equipment and subcontractor services for constructing and removing temporary access and work pads, drilling, blasting, excavating/dredging, marine wildlife monitoring and surveying associated with removing the bedrock and overburden at the northwest portion of the new harbor basin. Site Plan C1- Bedrock Dredge Elevations dated 9-20-16 with notes by R.T. Rozak on 10-22-16, shows the approximate footprint of bedrock and sediments to be removed at elevation -14'. The intent of this proposed work is to remove all bedrock in the northwest area of the new basin to elevation -14', with the north side of -14' footprint excavated not less than 1H:4V and sediments excavated/sloped 3H:1V to daylight. Contractor should use means and methods that will achieve the desired results and least overall cost.

Additional attachments are listed below and further description of proposed work and proposal criteria are listed on page 2.

Cost proposal should be based on issuance of notice to proceed on November 7, 2016.

BY: Ronald T Rozak, P.E.
for ARCADIS, Owner's Construction Representative

DATE: October 23, 2016

<p><u>NOTE: This form shall not serve to authorize commencement of any work.</u> Change in contract price and time (CONTRACTOR's breakdown required, attach additional sheet(s) if necessary).</p>	
<p>I hereby certify that to the best of my knowledge and belief, the cost or pricing data provided in support of this Request for Proposal is accurate, complete and current as of this date.</p>	<p>Signed: _____ HS&G, Contractor</p> <p>_____ Date</p>
<p>ATTACHMENTS: C1 Western Bedrock Elevations drawing dated 9-20-16 and C1 Western Bedrock Elevations dated 9-20-16 with Kim Nielsen's notes and R.T Rozak notes dated 10-22-16; C2.0 Dredge Plan dated 6-03-16 showing additional dredging and slope work in COV request to USACE; Field sketches WMC provided 6-03-16 and 9-03-16 identifying locations and elevations of rock encountered in NW basin between stations 27+20–29+00 and 29+00-33+50; C1.1 DDF Basin Temporary Fill Pad Plan 95% Design dated 2-16.</p>	
<p>DISTRIBUTION: Original to: HS&G, Contractor Copies to: ARCADIS, Project Manager R&M Consultants, Inc., Design Engineer</p>	

1. Work activities must be coordinated with Western Marine Company (WMC) and performed so WMC operations and work product for their USACE contract are not adversely affected.
2. All field work must be completed by April 1, 2017 unless Contactor, WMC and the Owner agree in advance to a different completion date.
3. In-water work shall be performed in compliance with permit POA-2014-360 and modifications issued by USACE for the Port Valdez new boat harbor project, notably the 2nd modification dated July 19, 2016 that allows placement of fill for work pads, blasting with charges up to 220 pounds, and removal of work pad materials and shot rock.
4. Shot rock material (< 40,000 CY) currently stockpiled at the Sea Otter parcel is available for Contractor to construct temporary access or work pad. Contractor is responsible for loading and hauling, and removing oversize rocks that do not meet the driller's criteria for fill pad. Contractor is encouraged to propose equipment, methods and payment options to reduce the rock hauled from Sea Otter and minimize the West work pad footprint.
5. Provide traffic control, road and site maintenance, and SWPPP as necessary to ensure public safety and environmental compliance.
6. Protect existing uplands and in-water improvements from damage and/or restore to original condition or as approved by Owner. Identify uplands work elements that might be modified.
7. Additional dredging in the northwest corner of basin, refer to C2.0 Dredge Plan, may be used to construct access or work pad, provided the excavated bottom and slope match basin design elevation and grades after sediment is excavated.
8. Work pad fill, blasted bedrock and useable sediments excavated at the West Rock site, assume 25,000 CY for basis of this proposal, shall be transported to the Drive-Down Float Basin and placed to elevation 10' in approximate location where temporary fill pad is shown on 95% DDF Drawing C1.1. Cost proposal should allow for up to 20% decrease or increase in fill quantity after Contractor and Owner agree on the fill pad footprint and slopes, and quantity of material available from the West Rock site.
9. Return excavated rock and useable materials, not needed for fill pad at the DDF Basin, to the Sea Otter parcel and stockpile per Phase 1 contract requirements. With agreement of the Owner, USACE and WMC, unusable sediments may be placed in the dredge basin for disposal by WMC per USACE contract.
10. Cost proposal should provide for adjustment of work pad fill or rock removal quantities up 10% if confirmed by probing with extended-reach excavator or results of bathymetric survey.
11. Include reasonable allowance for marine wildlife monitoring associated with blasting activities.
12. Allow for cost to survey above and below water to quantify the rock and sediment that is removed as part of this work and verify final basin elevations and slopes for compliance with design.
13. Provide daily reports with description of activities, equipment and hours worked, quantities of material hauled between work site and Sea Otter or Drive-Down Basin to document work and support payment.