

June 27, 2017

Elke Doom, City Manager
City of Valdez
212 Chenega Drive
Valdez, Alaska 99686

**RE: Gilson (Valdez) Middle School Project Closeout
Revised Offer to Remedy A/C Problems for 2nd Floor Communications Room**

Dear Elke,

We understand the City of Valdez remains dissatisfied with the air conditioning (A/C) unit that was designed and installed in the main communications room at the Gilson Middle School. After multiple service calls and attempts to resolve the control and mechanical issues starting approximately six months after Substantial Completion in 2014, the unit had periodic failures until the last modification approximately three months ago.

The project delivery team, Arcadis (Owner's Representative), Bettisworth North Architects and Planners (A/E Design Team) and Dawson Construction (CM/GC Contractor), worked collaboratively with the City and School District to deliver the middle school four months early and nearly \$2M under budget. However, the prolonged resolution of the A/C issue to the City's satisfaction has created a negative impression of the project delivery team after the initial perception that this was a very successful project.

As a demonstration of good faith and understanding for the frustration this A/C unit has caused the City and School District, Arcadis, Bettisworth North and Dawson Construction are offering to purchase and install a new mini-split A/C unit for primary cooling of the 2nd floor communication room. The existing A/C unit currently servicing this room would remain as a back-up to the new unit. We believe this approach will eliminate concerns of failures related to the existing unit and provide the most reliable solution to ensure the communications room is properly cooled.

We estimate the total cost will be approximately \$20,000 to install at a 3-ton mini-split unit. BNAP and RSA Engineering have offered to provide mechanical and electrical engineering services at no cost. The ownership and warranty paperwork will be made out to the City,.

In addition to this offer to pay for installing the new A/C unit, Arcadis has voided two unpaid invoices from 2016, deleted all hours related to the A/C unit in those invoices or performed subsequently, and submitted a new invoice for services from January 25, 2016 to April 18, 2017, within the remaining balance of our agreement. Likewise, BNAP, RSA and Dawson have performed a combined total of more than \$20,000 for professional and project management services since Substantial Completion. They are volunteering to contribute that labor to facilitate the closeout of this project. If our offer is acceptable to the City, the remaining actions to close out the middle school project would consist of:

- City approve an Amendment to Arcadis for Construction Contract Closeout and DEED Final Accounting. Arcadis Agreement will have to be extended for a period four months after date of the Amendment.
- Dawson and City execute Change Orders #29 (\$82,541.89) and #30 (\$47,729.61) and pay two outstanding payment applications; #25 (\$61,700.95) and #26 (\$15,685.00).

- Dawson submit Certificate of Compliance and final accounting for the Cost of the Work per Article 7.2, including a final reconciliation payment application to which the City agrees to pay in accordance with the contract documents and timeline.
- Arcadis review Dawson's final accounting, backup and other information that may be required for close out, resolve any questions, and prepare a recommendation to City for final payment to Dawson.
- Arcadis transfer O&Ms and other record documents from Submittal Exchange to City media storage.
- Arcadis prepare final report to Alaska DEED with final accounting of expenditures and evidence the project has been incorporated into the VCS facility management program.

After authorization from the City, Arcadis will start working with Dawson on the final accounting, transferring record documents from Submittal Exchange to storage media, and preparing the final report to DEED.

If you have any questions concerning this offer, contact Ron Rozak. Please sign and return this letter to acknowledge receipt of this offer and agreement with the associated terms.

Respectfully,

Ronald T. Rozak, PE
Senior Project Manager
Arcadis U.S., Inc.

Tracy Vanairsdale, AIA
Principal
Bettisworth North

Kevin Dawson
Project Manager
Dawson Construction, Inc.

cc: Dean Day, Director, Valdez Capital Facilities Department

Accepted by:

Elke Doom, City Manager
City of Valdez

Date: _____