

**CITY COUNCIL WORK SESSION  
FEBRUARY 21, 2013 @ 7:00 PM  
LIBRARY MEETING ROOM  
MINUTES**

**A. CALL TO ORDER**

*Mayor James Kallander* called the Council Work Session to order at 7:00 pm on February 21, 2013 in the Library Meeting Room.

**B. ROLL CALL**

Present for roll call were *Mayor James Kallander* and Council members *Tim Joyce, James Kacsh, David Allison, Bret Bradford, David Reggiani* and *Robert Beedle*. Council member *EJ Cheshier* was absent. Also present were Interim City Manager *Don Moore* and City Clerk *Susan Bourgeois*.

**C. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**

1. Audience Comments regarding agenda items - none

**D. WORK SESSION TOPIC**

2. Cordova Center Phase 1

*Moore* stated that in January, the Mayor directed the staff to have some information about Cordova Center. With that in mind, he had the consultants come to answer questions for the Council; and to evaluate where they are in the project. A distinguishing factor in this phase is a claim filed by the contractor, also known as an REA, or request for equitable adjustment. The City is developing a strategy to work on it in conjunction with the City's attorney, Steve Hutchings. *Hutchings* stated that he was an attorney with Birch Horton Bittner and Cherot in Anchorage, and he focuses on construction law and commercial litigation. The REA is in the amount of \$9.9M, which is a compilation of many different problems, including: design problems, timing, and snow. The City will owe money to the contractor because there are some real issues in the claim; however, the dispute is how much is owed. The claim was filed in a way that the City and the contractor could save time and money by negotiating the disputes. To start, the City has hired an auditor to go over the contractor's books, and that should be completed within the next four weeks. Once that is completed, the City can negotiate and narrow the gap. If there is not a resolution, the contract provides for mandatory mediation. If the mediation doesn't work, the contractor will call for arbitration, which is for both sides to jointly choose one person to represent their evidence. Then, based on the evidence, the arbitrator makes a final decision. *Mayor Kallander* asked for an estimated timeframe for closure on the matter. *Hutchings* stated that it would be around July at the latest. *Beedle* asked if the City had some sort of claim against the architect. *Hutchings* stated that many of the claims against the City from the contractor involve the architect and the plans that were given to them. It could provide a basis for the claims against the City, if in fact the plans were adequately faulty. Furthermore, it is common for an owner to be hit by a claim by the contractor, and some of those claims, the owner looks at the architect for assistance. *Mayor Kallander* stated that there were no further questions.

3. Cordova Center Phase 2

*Moore* stated that there is a difference between how the two phases are built. Phase 1 was done under a design bid build system, where the architect works for the owner, which is the City. Phase 2 is being completed under the GC/CM method, also known as the team-build method. Under this method, the owner, contractor, and architect work together as a team. The City is ready to start Phase 2, so *Moore* thought it would be a good time to bring everyone together to answer questions and get some clarification. With that, *Moore* introduced *Dan Chandler* of OAC Services, and *Jim Quick* of Dawson Construction, who are a part of Phase 2 construction. *Chandler* stated that he was a project and

construction management consultant for owners. They were helping the City closeout Phase 1, and get started with Phase 2. To design this phase, they had Dawson Construction break it down into four separate phases: 2A, 2B, 2C, and 2D. The reason was to reduce the risk and provide flexibility to the City, by making it possible to stop work at any point if funding was a problem. Currently, the total project is \$9.3M, broken down into four pieces. **Mayor Kallander** stated that the Council had approved contracting Dawson, but had not made any further decision on how to proceed. He wanted the Council to understand the risk of phasing out the project, as opposed to waiting until the City had full funding. **Mayor Kallander** questioned if **Chandler** had ever been a part of a project where they phased a project out due to inadequate funding. **Chandler** stated that he had. He said there was a benefit to authorizing the contractor to proceed with Phase 2A with a given budget, and if they stop, then that phase would at least be completed. **Mayor Kallander** stated that there was an additional cost of \$300K by doing the project in phases as opposed to all at once. He wanted to know **Chandler's** opinion of phasing out the project; and also if \$300K was adequate if the project spanned several years. **Chandler** replied that it seemed reasonable, but there would probably be some inflation. **Kacsh** asked if the \$300K included mobilization and demobilization. **Quick** stated that the costs for mobilization would be dependent on how many materials were shipped at once, depending on how many phases were going to be completed initially. Overall, they would be working together to minimize the costs. **Bradford** stated that the \$300K was the cap for phasing it out, but it could come in a lot less. **Quick** agreed. **Joyce** asked how completing the rest of Phase 1 was going to play into starting Phase 2. **Quick** stated that there was time up until Phase 2B to complete such things like the windows, but everything would be figured out before anything began. **Reggiani** stated that he was concerned about the time schedules, based on the City's funding levels. He also questioned how they bid portions of the project out already. **Chandler** stated that nothing had been awarded, but that they bid out for budgetary purposes. **Reggiani** stated that he was uncomfortable starting Phase 2A in February and Phase 2B in April. He thought they should wait till around June to see what the legislature was going to do, as well as find resolution in Phase 1. **Mayor Kallander** asked what window repair or replacement was going to cost. **Sherman** stated she did not have an amount off the top of her head. **Chandler** stated that the amount stated was \$106K, before even being fixed. **Mayor Kallander** stated that they should just count on paying that cost, and not to count on Dokoozian. He thought they should wait to hear back from the legislature to hear about how much funding was possible. **Beedle** asked what was wrong with the windows. **Quick** stated that about 36% of the windows were leaking, and they were not sure what the exact issue was. It could be a combination of issues. **Bradford** voiced his concern about the funding, and also thought that they should wait to hear back from the legislature. He was for the phasing however. **Sherman** thought that they should proceed with Phase 2A, as there is funding for that phase; and by the time things get rolling, they will have a good idea of legislative funding. She also stated that they received an additional \$1.3M from the EVOS Trustees Council. They also have the potential to get \$1-2M from the Rasmuson Foundation, instead of \$500K. She feels it might be better to move forward in order to help secure more funding. **Beedle** agreed with **Sherman**, and asked how much funding was currently available. **Sherman** said that there was \$4.2M available. **Joyce** also agreed with **Sherman**, and thought it would be good to have everything in motion for May and June. **Mayor Kallander** wanted the Council to know that the \$1.3M was contingent on complete funding for the project by September. However, he didn't think that it would completely go away if they came up short, but that it might just be put on hold till their next meeting. **Kacsh** stated that he was comfortable moving forward with Phase 2A. **Allison** was in favor of moving forward. **Mayor Kallander** asked what it would mean to **Quick**, if they funded and completed 2A, but were unable to move forward with the rest of the project for at least a year. **Quick** suggested two options. One, to move forward with 2A, or bring all the equipment in for 2A and 2B and store what was not needed. **Mayor Kallander** said that if they proceeded with 2A, estimating a cost of \$2M, they would have to spend \$1.4M to get reimbursed

\$700K from EVOS. He just wanted the Council to know that if they proceed, they would be obligated to come up with match money for EVOS, even if it meant going to the permanent fund. *Joyce* stated that if they spent the \$1.3M of City money, about \$400K could be reimbursed by EVOS, which would give them about \$1.7M. So by just doing Phase 2A, they would be on the hook for about \$100K. *Reggiani* thought that they should hold off a couple months to hear back from the legislature, and to hear about the liability in the claim. *Josh* asked *Hutchings* at what point in the claim process would the City have to make a payment. *Hutchings* stated that it would be whenever the final decision was made. *Beedle* asked if there was any insurance. *Hutchings* stated that the City's actions were not insurable, but that the design people should have insurance. It could be a possible contribution to the claim. *Kacsh* asked what the \$4.2M in funding consisted of. *Sherman* stated that it was a combination of EVOS and the City's fund. *Reggiani* stated that in the schedule, it looked like things were moving forward by February 25<sup>th</sup>, and wondered what the Council's role in that process was. *Sherman* stated the Council would need to approve the contract with Dawson Construction, and agree on how to proceed, in a meeting. *Quick* stated that the date could be changed if need be. *Mayor Kallander* asked if Council would be able to approve every step along the way, under the currently suggested method. *Chandler* stated that they would. *Reggiani* stated that the community also needed to know and weigh in. *Bradford* was in favor of moving ahead with Phase 2A. The *Council* decided to discuss and take action during the next regular Council Meeting.

4. Sustainability / Business Plan/ Future

*Sherman* stated that there is a draft business plan that was about 50 pages long. It included staffing and job descriptions, marketing, and a fee schedule. She is just waiting for updates on everything. They are also working on their backwards schedule. It will work in conjunction with the construction schedule and the contractor, so that everyone is in sync. She will have the final draft for the first meeting in March. *Joyce* stated that a timeframe that *Sherman* can think about is anywhere from one to two years for completion. *Mayor Kallander* stated that he would like to make sure they have an excellent marketing program and coordinator for the new building. *Joyce* agreed. *Kacsh* stated that they should also keep in mind an exit strategy for the current buildings the City uses.

E. AUDIENCE PARTICIPATION

*Chandler* thanked the Council for letting him come and speak.

F. COUNCIL COMMENTS

*Beedle* wanted to keep the momentum going, especially with the elections coming up.

*Allison* thanked everyone for their hard work, and also thought they should keep moving forward.

*Reggiani* thanked everyone for coming to Cordova to speak with the Council.

*Bradford* echoed Reggiani and Allison's comments.

*Joyce* thanked everyone for coming.

*Kacsh* also thanked everyone.

G. ADJOURNMENT

*M/Bradford S/Joyce* to adjourn.

Hearing no objection, the meeting was adjourned at 8:25 pm

Approved: June 05, 2013

Attest: *Sara Ben for Erika Empey*  
Erika Empey, Minutes Clerk

