

Agency: Commerce, Community and Economic Development**Grants to Municipalities (AS 37.05.315)****Grant Recipient: Northwest Arctic Borough****Federal Tax ID: 92-0116661****Project Title:****Project Type: Remodel, Reconstruction and Upgrades**

Northwest Arctic Borough - Kobuk K-12 School Renovation Completion

State Funding Requested: \$4,000,000**House District: 40 / T**

One-Time Need

Brief Project Description:

Additional funding is required to complete the upgrade of Kobuk K-12 School. Naturally occurring asbestos in the Kobuk Valley required an expensive change in the foundation and delayed the project a year.

Funding Plan:

Total Project Cost:	\$15,728,000
Funding Already Secured:	(\$11,728,000)
FY2013 State Funding Request:	<u>(\$4,000,000)</u>
Project Deficit:	\$0
<i>Funding Details:</i>	
<i>The Kobuk Additional project is funded at \$11,728,102. \$8,667,402 FY 2009 Grant. Borough sold \$3 mill in bond to support the project \$2.17 local match and \$900,000 additional support in order to award contract of the addition</i>	

Detailed Project Description and Justification:

The Kobuk K-12 addition and renovation project is in need of an additional \$4 million to complete the project.

Unanticipated costs are a result of work procedures required to address naturally occurring asbestos (NOA) present throughout the village of Kobuk and in the known gravel sources in the area. It is possible to safely execute the project and meet the regulatory requirements of working with NOA conditions. However, this results in significant increase in costs that were not anticipated at the time the project was originally funded or when the project was bid.

The foundation was changed to helical piling which has minimal ground disturbance but flying steel piling to Kobuk is a major cost increase. Additionally, a year's construction time was lost while a solution was found. As a result the scope of the construction contract was reduced to only construct the addition to the school. The current funding is not adequate to complete the new kitchen or to fully finish and furnish the new addition.

The existing school must continue to operate in its current inadequate condition until the remodel and upgrade portion of the project is funded. With a mobilized contractor in place it will be much more cost effective to fully fund the project this year and complete the work in conjunction with the current contract.

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Project Timeline:

This work could be added to the current construction contract and work can start this summer. Substantial completion can be accomplished by August 2013 and final completion Dec. 2013.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

NWABSD

Grant Recipient Contact Information:

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Has this project been through a public review process at the local level and is it a community priority? Yes No

For use by Co-chair Staff Only:

3:19 PM 5/2/2012

Attachment

KOBUK SCHOOL BUDGET

2/3/2012

		Current Budget	Budget Adjustment	Adjusted Addition Budget	Future Renovation Budget
550.007.881.000.000	Indirect/Bond Costs	50,000	80,000	130,000	60,000
550.007.883.000.000	Design Services	833,410	50,000	883,410	50,000
550.007.884.000.000	CM in house	450,046	0	450,046	1,126,000
550.007.885.000.000	Construction	8,758,369	770,131	9,528,500	3,157,000
550.007.886.000.000	Equipment	406,250	-122,533	283,717	282,000
550.007.887.000.000	Contingency	342,438	0	342,438	310,000
550.007.889.000.000	Technology	218,750	0	218,750	
550.007.890.000.000	Art	41,671	5,829	47,500	15,000
550.007.892.000.000	CM by Consultant	83,341	-50,000	33,341	
Total		11,184,275.00	733,427	11,917,702.00	5,000,000

Rationale for \$4 million Request for Kobuk School Construction

Submitted by Norman Eck, Ph.D.
Superintendent
Northwest Arctic Borough School District

In 2007 the Alaska State legislature approved a \$10M grant for the construction of the Kobuk School. Once this grant commitment was secured in the 2008 State budget, the Northwest Arctic Borough (NWAB) attempted to commit matching funds to allow the project to proceed. The Borough was required to re-finance its \$100M bond before committing the required matching funds. Unfortunately, the Borough found itself in the same dire predicament that many organizations and businesses experienced in attempting to re-finance debt at the onset of the “Great Recession” and ultimately was unable to secure the matching funds until 2010.

Once funding was in place the project was prepared for competitive procurement in late 2010 and a design-build contract was awarded to Bethel Services Inc. in January, 2011. The design completion and pre-construction effort was moving forward on schedule. However, in mid-February of 2011 the contractor was notified by the owner of the local gravel source in Kobuk that the owner had been advised by legal counsel that they should suspend further sales of gravel due to the determination that the materials in the gravel pit contained levels of naturally occurring asbestos (NOA) that exceeded the State and Federally regulated levels of asbestos.

The NWAB School District and the contractor worked diligently with EHS (environment / health / safety) consultants to consider all options that would, first and foremost, protect the community members and workers from exposure to the NOA; and secondly attempt to salvage the construction schedule. Initially all efforts were focused on identifying any NOA gravel activities that might present an exposure event and then developing specific handling measures that would eliminate or mitigate such exposure. It became clear that the measures that would have to be employed by the contractor to control the NOA would add significant expense to the project; and that certain components of the foundation design would have to be reconsidered in order to avoid what could be a potentially damaging disturbance of the subsurface NOA on the existing gravel pad of the school.

It was ultimately determined by all parties that it was in the best interest of the project to suspend the 2011 construction effort and instead work to develop an alternative foundation plan. Ultimately it was decided that installing a helical-pile foundation would be the best course of action as this method would minimize the intrusion into the existing site NOA and limit the need to secure new structural gravel fill (also NOA).

It was not unexpected when the contractor advised that the schedule impact caused by the NOA issue and the consequential redesign of the foundation would result in significant additional budget expense. The NWABSD and the contractor engaged in exhaustive discussions to attempt to mitigate the time and cost impacts but it became evident that due to the unexpected expense of the NOA, subcontractor and material supplier cost escalation due to the delayed schedule, redesign of the foundation, and

transportation cost escalation, the existing project funding would only support a much scaled-down scope of work. It also became clear that it would be necessary to segregate the project into two phases.

We have identified Phase 1 to include all site improvements / NOA EHS measures, relocation of temporary classrooms, and the construction of the new portion of the school. Phase 1 will provide a completely constructed addition including all MEP (mechanical / electrical / plumbing) as well as limited finishes. The funding request offered for consideration will fund Phase 2 which includes the remodel of the existing facility as well as certain FF&E (furniture, fixtures & equipment) to complete the new addition. The completion of these two phases will allow the facility to meet the educational and programmatic requirements as originally envisioned.

We offer the following data as support for the budget escalation and request for supplemental funds to complete the Kobuk School project.

- Building materials cost have increased approximately 8%
- Freight costs are up nearly 50% (Air / Barge)
- NOA mitigation measures added approximately \$1.4M to budget
- Schedule delay and subsequent vendor / subcontractor re-pricing added approximately \$1.2M to budget
- Alternate foundation design additional expense of approximately \$400K