

MARSHALLTOWN

— I O W A —

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TO: Mayor Greer and City Council
FROM: Heather Thomas, Public Works Director
DATE: November 28, 2022
RE: Airport Hangar, Terminal, and Site Improvements – Change Order #14,
ARP 19-001/ARP 19-002 (*Use ARP 19-001 for PO*)

Policy Issue: Change orders must be approved by City Council if the change order increases the cost of the project by more than \$25,000.

<input type="checkbox"/> Goal 1: Expand and improve development	<input checked="" type="checkbox"/> Goal 3: Continually improve the City's organization & services
<input checked="" type="checkbox"/> Goal 2: Enhance Marshalltown's public image	<input type="checkbox"/> Goal 4: Partner with others to improve quality of life

Specific Objective/Action:

Goal 2: Objective 2 – Design and construct capital projects which enhance the aesthetics of the community & Goal 3: Objective 2: Develop comprehensive plans for City infrastructure and improvements.

Recommendation:

Staff recommends approval of Change Order #14. This recommendation is contingent on the engineering amendments, that are being presented for consideration at the 11/28/22 council meeting, not being approved or council does not direct the additional engineering expenses to be incurred by Garling.

Budget Impact:

Change order #14 decreases the cost of the Contractor's contract by \$5,500. City propose to utilize an equivalent dollar value of \$5,500 in project funds to reimburse Marshalltown Aviation, the city's tenant for the airport hangar and terminal for lack of the ability to utilize the new hangar and terminal during this time. The \$5,500 corresponds to the increased rent/lease payments paid by Marshalltown Aviation to the City in 2022 that were established on the assumption of their use of the new hangar and terminal.

Overall, with the deduct in the Contractor's contract and reimbursement to Marshalltown Aviation, no changes to the local cost of the project are anticipated.

CITY COUNCIL

Al Hoop, Gabriel Isom, Barry Kell, Mike Ladehoff,
Jeff Schneider, Gary Thompson, Dex Walker



Description/Background:

Current contract completion dates (with approval of Change Order #13) and the date at which Garling achieved substantial completion are shown below.

Project Phase	Current Contract Completion Date	Substantial Completion Date	Calendar Day Delay Difference
Site Phase 1	02/28/22	Prior to 02/28/22	n/a
Terminal	05/21/22	08/22/22	93 days
Hangar	06/27/22	09/27/22	92 days
Site Phase 3	11/10/22	11/10/22	n/a

Note: substantial completion is not final completion, it is only completion to the point where the user is able to use the improvement for the intended use and does allow for additional punch list items to be addressed after substantial completion is issued.

The contract completion dates shown are what were recommended by CGA; however, Garling believes other outside factors existed that further delayed substantial completion of the terminal & hangar that are not reflected. Garling requested contract completion date be extended to September to account for these factors.

City staff feel some of the Contractor’s justifications for further time extension are valid but also agree some of the delay was caused by the Contractor. Months of discussion between city staff, CGA, and Garling have not led to completion dates that are agreeable to all parties.

In lieu of further disagreements on completion dates, Change Order 14 agreeing to a set dollar amount of \$5,500 in lieu of liquidated damages by the Contractor to the City is being recommended for council consideration.

By the contract, liquidated damages were set at \$250/calendar day. Because the contract did not account for phased project completion, all parties agree that it is reasonable to assign 1/3 of the liquidated damages to the interior of the terminal, 1/3 to the interior of the hangar, and 1/3 to the site work/exterior of terminal/hangar. Based on the dates above, this would result in 93 days of damages at a rate of \$83.33/day and 92 days of damages also at a rate of \$83.33/day for a total of \$15,416.05.

The offer of \$5,500 to settle the issue of completion dates and liquidated damages was presented by Garling to city staff on 11/07/22. City staff have consulted with the City Attorney and are recommending approval of Change Order #14.

If accepted by Council, the city will not pass on any additional engineering expenses to the Contractor as a result of delayed completion.

Attachments: ARP 19-001, Change Order #14

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