

**SPECIAL COMMITTEE ON THE MANCHESTER MUNICIPAL  
COMPLEX**

**March 05, 2013**

**5:00 p.m.**

Chairman Ludwig called the meeting to order.

The Clerk called the roll.

Present: Aldermen Ludwig, Long, O'Neil, Osborne, Shea

Messrs.: T. Clougherty, A. Martino, T. Arnold

Chairman Ludwig addressed item 3 of the agenda:

3. Project summary update.

Mr. Tim Clougherty, Deputy Public Works Director, stated things are going really well. We are wrapping up the project. I will let Andrew give you some of the details of exactly where we stand from a construction perspective.

Mr. Andrew Martino, Harvey Construction, stated where we are in the construction process is we have finished the project on time. Essentially, we do have a couple men on site who are working on punch listing and their completion should be imminent, any day now. We do have some site finishing that we have to complete over at the vehicle storage area. Due to the expanded building, we were unable to do things such as the pavement top coating, spreading top soil, things like that at the building, but we expect to come back in the spring, as soon as the weather is more favorable, hopefully mid-April and complete that work. Other than that, we are basically on the project close-out phase.

Mr. Clougherty asked does anyone have any questions as to where we stand relative to construction? All of our buildings are occupied. As of February 1<sup>st</sup> we occupied the vehicle storage building, roughly 58,000 square feet of indoor and some covered exterior storage. The yard storage is complete. That is just to the east of the vehicle storage building and we are fully utilizing the parking area. It has operationally turned out very well. I think there are a lot of synergies that we are realizing now. Parks and Recreation came over at that same time and we are essentially using the Bridge Street Extension location for off-season equipment storage. A lot of really good things have happened. I think Water Works is happy as well.

Alderman Long asked is the punch list agreeable with Harvey and the City, and is it anything major or just incidentals?

Mr. Clougherty replied the punch list is always a contentious time in any construction project, but I don't think there is anything major that we are concerned about not being able to work through, at this point in time.

Alderman Long asked is it a long list?

Mr. Clougherty replied Harvey is working on making the list shorter. You have items that are menial as a chip in the drywall that needs to be repainted. Some people would say it is a long list, but it could reasonably be accomplished. We are not concerned at this point in time about Harvey's ability to complete any of the items.

Alderman Shea stated my concern is the project came in under the amount of money that we appropriated. Is that correct?

Mr. Clougherty replied we are going to talk about that a little bit, under budget.

Alderman Shea stated that's okay, we can talk about it later.

Chairman Ludwig stated we will cover that under item four, Alderman Shea.

Chairman Ludwig addressed item 4 of the agenda:

4. Project budget and construction costs.

Chairman Ludwig stated Tim is going to address a issue that he has with a potential deduct change. I'll leave it up to Tim.

Mr. Clougherty stated there are a couple of committee actions that we are going to ask the committee take this evening. If you will indulge me, I will explain exactly where we are. It is a little bit complicated. The good news is that it is all good news. The project is successful, on time, on budget, financially and everybody who occupies it is very grateful to the board and the City for allowing us such a beautiful facilities. We are getting really close to a final meeting. These reports accommodate some of the closeout things that we think are necessary in order to make the project whole. If the committee recalls, some time ago we started up another CIP project, in addition to the \$43.5 million project, and that was CIP #810512. That was a \$595,000 line of credit, if you will, with \$595,000 in anticipated revenues. At the time we had projected some rebates from National Grid, Liberty Gas, PSNH and the like and we have come to fruition on those and I wanted to bring those forward and try to make that project whole by transferring some monies from contingency. On the first page you see a summary of the \$43.5 million. On the second page you see a summary of what we call the City side

expenses. Harvey's contract is \$38.637 million and the City costs are \$4,862,375. We started out with \$428,000 in contingency. We made some adjustments, some pluses and minuses as we went along, and right now we are projecting a final contingency balance of \$157,088. That is shown in the last line. What we are proposing to do is transfer that to that CIP 810512. At no point in time did we identify a full amount of revenue to accommodate that \$595,000 so this surplus would work toward that. Does anyone have any questions as to what we are proposing?

Alderman O'Neil stated if I look at this correctly, we are whole on the contract with Harvey or will be whole.

Mr. Clougherty responded I am going to get to one other thing after that, but for the purposes of this discussion let's just say yes.

Alderman O'Neil stated we had our soft costs of \$4.8 million.

Mr. Clougherty replied that's correct.

Alderman O'Neil stated I see the bottom item number 16, going through everything we have done; there is \$157,000 left in our contingency.

Mr. Clougherty replied that's correct.

Alderman O'Neil stated our soft costs. Are we calling that our contingency?

Mr. Clougherty replied yes.

Alderman O'Neil asked you are asking that that \$157,088 gets transferred to the overall project?

Mr. Clougherty replied no, I'm asking that it gets transferred as revenue into CIP 810512.

Alderman O'Neil asked to offset the shortfall on the \$595,000?

Mr. Clougherty replied that's correct.

Alderman O'Neil stated that was a guestimate, if I recall.

Mr. Clougherty stated I picked up on one other thing, as we were sitting here, and I apologize. There is something called demand response participation. That should actually be labeled 'PSNH actual rebates'. That is on page 4-3. It is \$46,185. That should be PSNH rebates that are actual, that we have already received. I will send along an update to this report to the committee. I apologize for that oversight.

Alderman Long asked is the anticipated \$3,000 still calculated in here?

Mr. Clougherty replied yes, that is still in there.

Alderman Long stated so that is anticipated.

Mr. Clougherty stated we are still working on some rebates from National Grid, as well as PSNH, relative to the vehicle storage building. Those haven't come to fruition yet. The \$46,185 is in actual rebates we got from PSNH and the \$112,504

is rebates that were received from National Grid. Those are checks in hand that were credited to the CIP account.

Alderman Long stated looking through 4-2, it looks like we met all recommendations. There were very few that were over. One was the geotechnical engineering. The original budget for the fit-up surplus office building was \$150,000 and that came out to \$118,000. How do we get last to current, \$15,000?

Mr. Clougherty replied that is just showing that the last projection that we gave you we said the cost was going to be \$103,000 and it actually came in at \$118,000.

Alderman Long stated I had the same question as Alderman O'Neil that we are transferring into the project from contingency.

Mr. Clougherty responded that's correct. That would be the second time that has been done. If you look at line 15, we had previously transferred \$166,000.

Alderman Long stated so these transfers, could we consider them under budget? I guess we couldn't consider them under budget because they are eventually going to be used.

Mr. Clougherty stated the purpose of project #810512 was to fund fixtures, furniture and equipment for the entire project and that is what we used that \$595,000 for.

Alderman Long stated so extra line items that you have in the construction budget... That \$166,000 came from a line item in the construction budget, correct?

Mr. Clougherty replied it is essentially cost savings in construction that has funded fixtures, furniture and equipment.

Alderman O'Neil asked Tim, we will be closing out our contingency?

Mr. Clougherty replied essentially, yes. At this point in time it is still a moving target. We are still finalizing punch lists and there are a few other things. One thing that the chairman had mentioned, on the first page we talk about Harvey's current estimate...

Chairman Ludwig interjected stated I don't mean to interrupt you, but do you want a motion on this \$157,000 first, before you get into the next item?

Mr. Clougherty replied yes, I think that would probably be easiest for everybody.

*On motion of Alderman O'Neil, duly seconded by Alderman Shea, it was voted to transfer \$157,088 from project contingency to CIP project #810512.*

Mr. Clougherty stated on the first page, we talk about Harvey's construction costs. I talked about the number including the \$300,000 in cost expected to be self-performed by the City. Over the past couple of weeks since we have put together the agenda, we think that is going to be more like \$350,000, but we continue to work with Harvey to identify exactly what that number is. What we would like to do is ask the committee to do is execute a change order up to that \$350,000 that we would use to self-perform some work as we have done throughout the course of the project. That would be for things like paving, landscaping, sidewalk construction and some kind of spreader shortage. If you recall, we had \$170,000 in there for spreader storage at one point in time. The committee had authorized us to move forward with that. We pulled that out. We are not exactly sure how

we are going to accommodate that right now, we I have been working with Wes Anderson, our fleet director, in order to figure out the best way to store our spreaders. We would use that \$350,000. That would be a deductive change order to Harvey Construction towards those efforts.

Alderman O'Neil asked Tim, where is the \$50,000 coming from?

Mr. Clougherty replied it is just an updated number based on costs that we have incurred over the past couple of months. Looking at Harvey's estimates for completion, looking at where we standing from a contingency perspective and understanding exactly where our risk is in the project. One other thing that I wanted to mention, just so I'm not... We are also looking to make sure that we get the full generator coverage that we originally anticipated. That would be expanded to include our shops building and a couple of other areas that aren't included right now that we had taken out.

Alderman O'Neil stated without pinning you down tonight, there is a projection that we are going to be on the plus side when the project closes?

Mr. Clougherty replied yes.

Alderman O'Neil asked and you are comfortable enough with more than \$50,000?

Mr. Clougherty replied yes.

Alderman O'Neil asked because the \$300,000 is already budgeted, correct?

Mr. Clougherty replied the \$50,000 is already budgeted as well. What we would do is have a deductive change order to their contract that would bring it from \$38,637,625 to \$38,637,625 minus \$350,000.

Alderman O'Neil asked Harvey has a contingency, correct?

Mr. Clougherty replied Harvey has a contingency and Harvey also has costs. Right now, let's just say that we owe Harvey \$1 million for example; we have paid them \$37.637 million. They are telling us we still have to do this, we still have to pay for that, we still have these costs to incur. What we are saying is that we understand that they have those costs to incur, but we don't think it is \$1 million in costs, we think it is closer to \$650,000 in costs that you have yet to incur. That would be a complete project.

Alderman O'Neil asked what if they come back and say it is \$1 million and they document it?

Mr. Clougherty replied that is why I am asking for a change order up to \$350,000. If we agree that it is \$750,000 then that change order would correspondingly be \$250,000.

Alderman O'Neil stated I just want everyone to be whole when this thing closes out. I recognize that we still had to concede stuff to get to the number. I just want everyone paid. There are still going to be things we can't do. That's just my opinion.

Mr. Clougherty stated I understand completely. We are not in disagreement with Harvey Construction over any of these work items that I am talking about. This is merely a matter of finalizing costs and cleaning up things at the end of the project

and we have been upfront with Harvey that there are some things, like the paving of the sidewalks and landscaping, that we can take care of ourselves. We don't want Harvey incurring costs and we don't want to incur any additional costs for having Harvey stick around for six months for things that we do on a regular basis.

Alderman Long stated just to be clear on that, the \$350,000 you are saying is already cost out?

Mr. Clougherty replied yes, it is included.

Alderman Long asked Harvey's contingency is not broken out; we just have the soft costs. The number you referenced on 4-1, the \$4,800,000 for the City cost breakdown, does that include self-performing by the City to date?

Mr. Clougherty replied that does not.

Alderman Long asked but it is our contingency though?

Mr. Clougherty replied it is our contingency and most of those self-performance costs were reflected as material costs though the construction contract.

Alderman Long asked so how was that reflected on an invoice? How was that reflected with Harvey? If we gave them \$2,000 to pave a sidewalk and we performed that, is that how that works? The cost was \$10,000, it cost us \$5,000 to do the sidewalk so we would omit the \$10,000 from Harvey and pay us \$5,000 and we would have \$5,000 left over?

Mr. Clougherty replied they would pay directly for outside material costs.

Alderman Long stated Harvey would pay for outside material costs and we would be doing the labor.

Mr. Clougherty stated correct.

Alderman Long asked that cost would come out of where?

Mr. Clougherty replied that would come out of our general fund budget. That is labor that we would normally perform.

Alderman Shea asked when is this project and relationship with Harvey going to conclude? Do you anticipate it concluding in April like you said?

Mr. Clougherty replied I would say it would be over the next few months.

Andrew, when do you think you guys are going to be wrapped up with punch lists?

Mr. Martino replied the punch list at hand should be the next week or so. As far as warranties or warranty issues, those may come up and arise and we have had part of what we are chasing right now as warranty type stuff. That will linger for the next couple of months. As I said, there is the possibility of us doing the spring site work at vehicle storage unless that changes and the City decides to self-perform. Right now, we are planning that and we are projecting that cost as such. As far as this deductive change order, it is a matter of getting together with Tim and his people and figuring out what we have in the budget as future costs that we are expecting to incur that we could possibly take out if the City was to self-perform that work. That should all be happening in the next couple of months.

Alderman Long asked was the withholding 10%?

Mr. Clougherty replied we hold back 10% to start with and then there are conditions within our contract that allow a reduction of that as the project winds down. Right now it is not 10%, but we are comfortable with the amount of retainage that we have. That may be a reason that you see this remaining on our books financially and from a Harvey-relationship perspective for a couple of months.

Alderman Long asked and that is all included in the current construction contract?

Mr. Clougherty replied that's correct.

Chairman Ludwig stated when you did the in-kind service that the City is going to potentially going to perform, we won't get back a dollar on a dollar, right?

Mr. Clougherty replied we do get back a dollar on a dollar.

Chairman Ludwig asked even though Harvey has already said we will do it for a number and then we are saying that we are potentially going to take that away from you? They are comfortable with that?

Mr. Clougherty replied yes. Our contract is basically a cost plus contract. We pay Harvey the cost of services, plus a fee, plus their general conditions which are temporary heat, the cost of Andrew, the cost of their superintendent—things like that. Right now, I will give you a very specific example. They are holding \$29,000 to pave xyz section of our parking area. It is already base paved and we need a top coat on it. It is a one inch top coat. They have a price from a contractor to do it, for example, for \$29,000. We are saying why don't you give us that \$29,000 and we will pave the parking lot. Everyone remains whole.

Chairman Ludwig asked so there is not going to be any bickering?

Mr. Clougherty replied no.

*On motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to authorize the Deputy Public Works Director to execute a change order of up to \$350,000 for services self-performed by the City.*

Mr. Clougherty stated assuming that we do transfer this \$350,000 we are also \$21,592 short of the \$595,000. What we would like to do, to wipe this 810512 payable off of the books and transfer that \$21,592 from the construction side to make that \$595,000 completely whole.

Alderman O'Neil stated just for clarification, that \$21,595 is coming from that same place that the \$50,000 was?

Mr. Clougherty replied correct.

*On motion of Alderman O'Neil, duly seconded by Alderman Shea, it was voted to transfer \$21,592 from the project construction budget to CIP Project #810512.*

Chairman Ludwig addressed item 5 of the agenda:

5. Project Labor Report.

Mr. Clougherty stated you can see what we probably expect to be the final labor report for the project, at least the final substantive labor report. As Andrew reported, we have a couple people working on site now, but certainly not a ton. We are certainly happy to entertain any questions committee members may have relative to that report.

Alderman O'Neil stated I guess what is disappointing to me is that we had a number of Manchester firms or immediate abutting communities on this project and they didn't do much to help get Manchester people to work. That is disappointing for me. If I could ask Andrew, it looks like we are going to be just over 27% when it closes out. Is that number just for this time period?

Mr. Martino replied these numbers are based on through the end of January. There is somewhat of a delay to the paperwork, but it should be pretty close to that by the final report.

Alderman O'Neil asked this includes from the beginning of the project?

Mr. Martino replied from the beginning of the project, correct.

Alderman O'Neil asked all the subs are on here?

Mr. Martino replied all the subs, yes. As part of the project we collect certified payrolls and then we monitor that accordingly.

Alderman O'Neil stated I was looking for the site contractor just as an example.

Mr. Martino stated this sheet that you are looking at just gives the January summary. It doesn't give the roll up from project start. The final numbers at the bottom are from the beginning of the project, the totals. This summary isn't from the beginning though. This is the summary from January.

Alderman O'Neil asked would it be possible, when we close out and this committee has its last meeting, to get a list of everyone who was on this project, the firms and where they were on meeting the goals?

Mr. Martino replied sure.

## **TABLED ITEMS**

6. Policy on benches and bricks.  
*(Note: Tabled 10/15/2012)*

Chairman Ludwig stated in a conversation I had with Tim just a few minutes before on item six I guess they are still working with the city solicitor in terms of some logistical questions.

Alderman O'Neil stated I have been approached about people ready to do this. When are we going to get this? This has been going on a while. I didn't think it was a major issue. What is the hold up?

Mr. Clougherty replied I believe the city solicitor had some consternation with the proposal for how the funds were utilized.

Alderman O'Neil stated this goes back awhile. We still haven't cleared it up yet?

Mr. Clougherty replied there remain some questions.

Alderman O'Neil stated this is from October. We are in all the buildings. They are going to be ready in another month or so to do the landscaping and getting the bricks down. Whether it is Public Works or the solicitor, we have to get this figured out. I have been approached by people ready to do this.

Mr. Thomas Arnold, Deputy City Solicitor, stated I can convey to Tom Clark that you would like to get it cleared up, as soon as possible.

Alderman O'Neil stated it has been five months and it is not done yet. It is a simple issue about receiving funds to help pay for some of the trees and the bricks. I would appreciate if we could get this taken care of as soon as possible.

Chairman Ludwig stated he is nodding his head yes, so I'm assuming that it will be done.

This item remained on the table.

7. Information on former mayor's podium.  
(Note: Tabled 10/15/2012)

*On motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to remove this item from the table.*

Alderman Long asked Tim, would you be able to find the price in here to restore this desk?

Mr. Clougherty replied I believe it is just shy of \$3,000.

Alderman Long stated it says \$2,750 by Wind River Woodworking. They were the lowest bidder. I'll move that we send this item to this woodworking place and accept the \$2,750 bid and in the meantime look for a place for it when it returns.

Chairman Ludwig stated I'll support it, but I would like to do it the other way; let's find out where it is going and then award the work because I have no clue at this point where it is going.

Alderman Long stated I'm just concerned about this price. They gave us this price in July. I'm concerned about this price. Personally, I want it rehabbed and placed somewhere. I don't know where it is going to fit, but I would like to see it rehabbed. I can't see giving this away. If we can't find a place we may even want to give it to the Historical Society.

Alderman Greazzo stated I have been in contact with the gentleman from the woodworking company that sent the lowest bid. They are still willing to do it for that price. The last conversation that I had with the mayor is that he would not be opposed to bringing it back into this chamber and putting it for the mayor's podium which is what it was originally for with the City of Manchester.

Alternatively, you have also spoken with the city clerk who has identified a few places within city hall that it could be placed. It won't be in any of those places until it gets refinished. It has been on the table for five months and I have been working on it for quite a while. I was hoping that the committee, if they are going

to take some action, either do what Alderman Long is suggesting or send it to the board so we can identify some funds and get it taken care of.

Alderman Long asked could this come out of the project? I was thinking that we were going to put it in the complex somewhere.

Mr. Clougherty stated I'm sure the project can find the...

Alderman Long interjected is it appropriate is my question.

Mr. Clougherty replied I don't think I am the appropriate person to answer that question.

Chairman Ludwig asked does this have to go to the full board?

Alderman Long replied yes, it does.

Chairman Ludwig asked does it have to go tonight? It is not necessary.

Alderman Shea stated we are going to send it to the man to rehab it and then he is going to do what with it? In other words, we have to make a decision within a certain framework of time. Has he given you any indication on how long it would take, Phil?

Alderman Greazzo replied depending on what time he gets it and how much work he has in front of him, it shouldn't take him very long to refinish it. He has been hoping to do it for a year now.

Alderman Shea stated what I am trying to figure out is, when does a decision have

to be made. He is going to be through with it and he wants to get rid of it so we have to make a decision as to where we are going to put it. That is what I am trying to get across.

Chairman Ludwig stated I'm with you. I'm sure that it won't take this gentleman too long to do this.

Alderman Shea stated he say he is through with it and we don't know where to put it.

Alderman O'Neil stated as Alderman Shea has said many times, we have to get moving and stop debating it and stop over-thinking it and just get it done. I appreciate Alderman Greazzo's efforts and we just have to figure out where it is going to go. We are not going to figure that out until it gets done. We need to be working on it now.

Alderman Long stated we have a City seal provided by us. Who would do that?

Alderman Greazzo replied that is if we so choose. If the clerk has an extra seal kicking around...

Mr. Clougherty stated I don't think that is anything that is going to hold up the process. It looks like it is a surface applied seal.

*On motion of **Alderman Long**, duly seconde dby **Alderman O'Neil**, it was voted to approve the restoration of the mayor's podium for an amount not to exceed \$3,000 from the municipal complex budget.*

*There being no further business, on motion of **Alderman Long**, duly seconded by **Alderman Shea**, it was voted to adjourn.*

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Normand". The signature is written in a cursive style with a long, sweeping underline.

Clerk of Committee