

# **Bidding Climate, and more on Preservation**

Washington Highway Users Federation

January 24, 2024

Chris Christopher, Construction Division Director

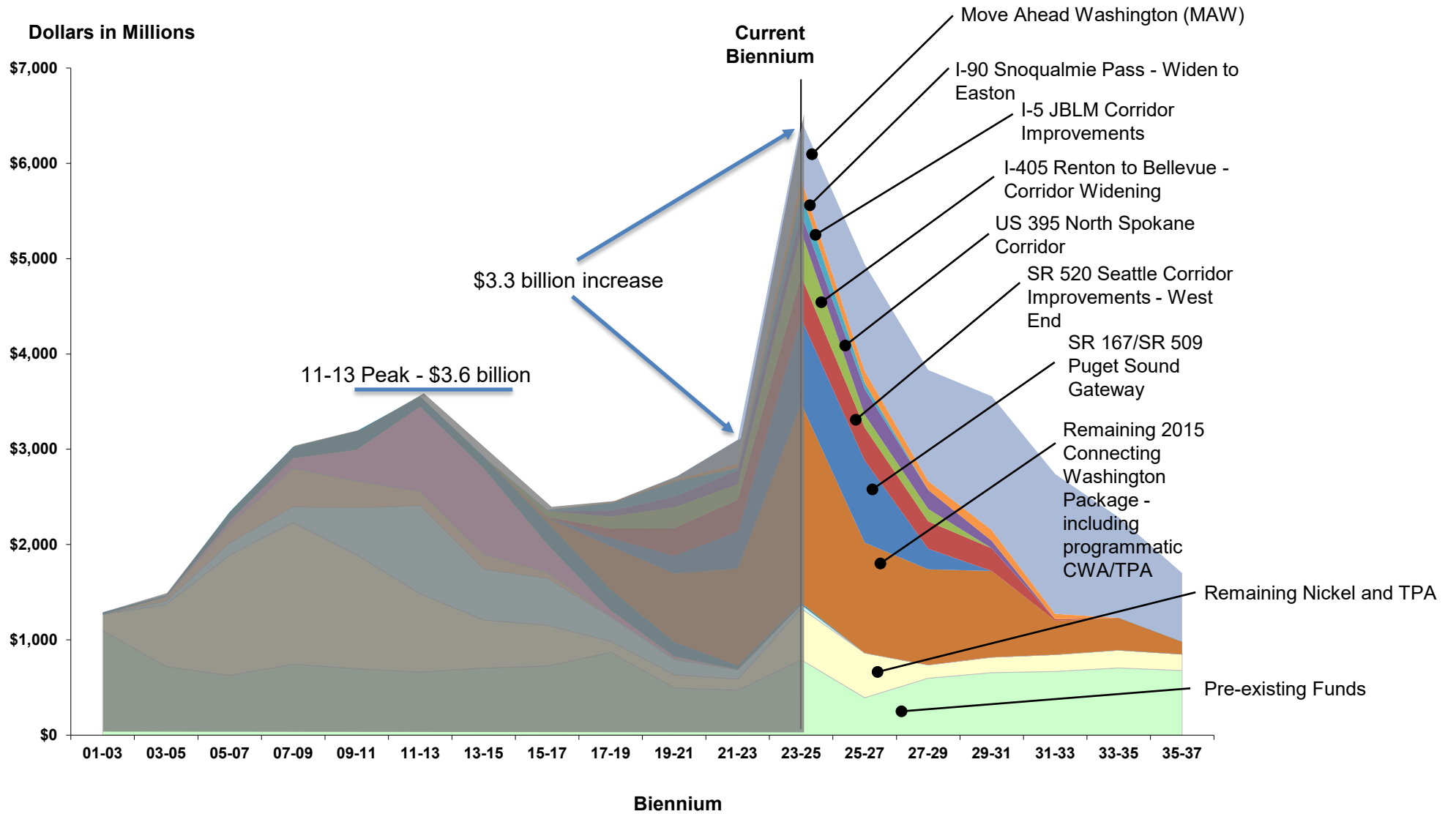
Steve Roark, Olympic Region Administrator

Roger Millar, Secretary of Transportation

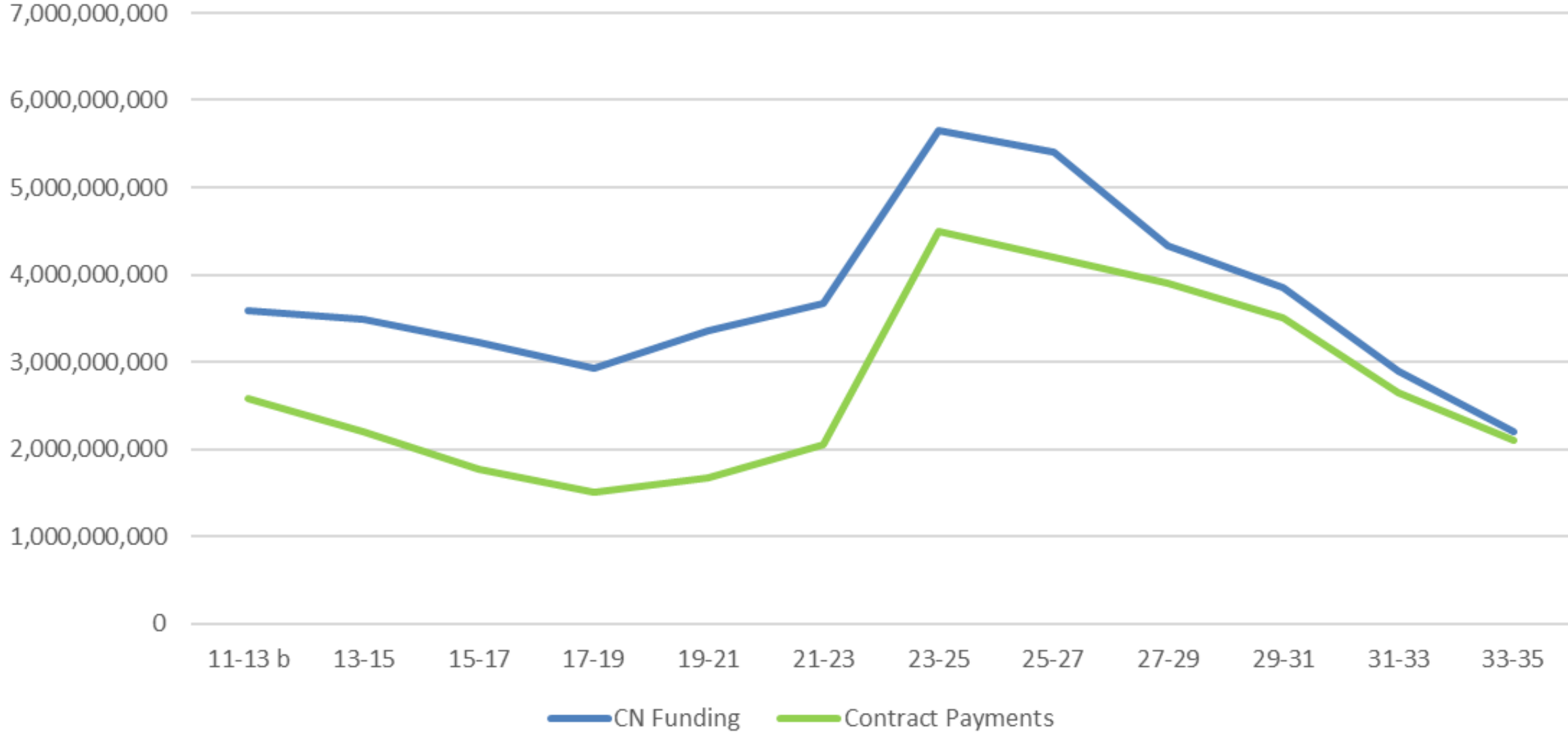
Mike Gribner, Deputy Secretary of Transportation



# WSDOT Highway Construction Program with Revenue Packages 2024 Supplemental Budget Submittal

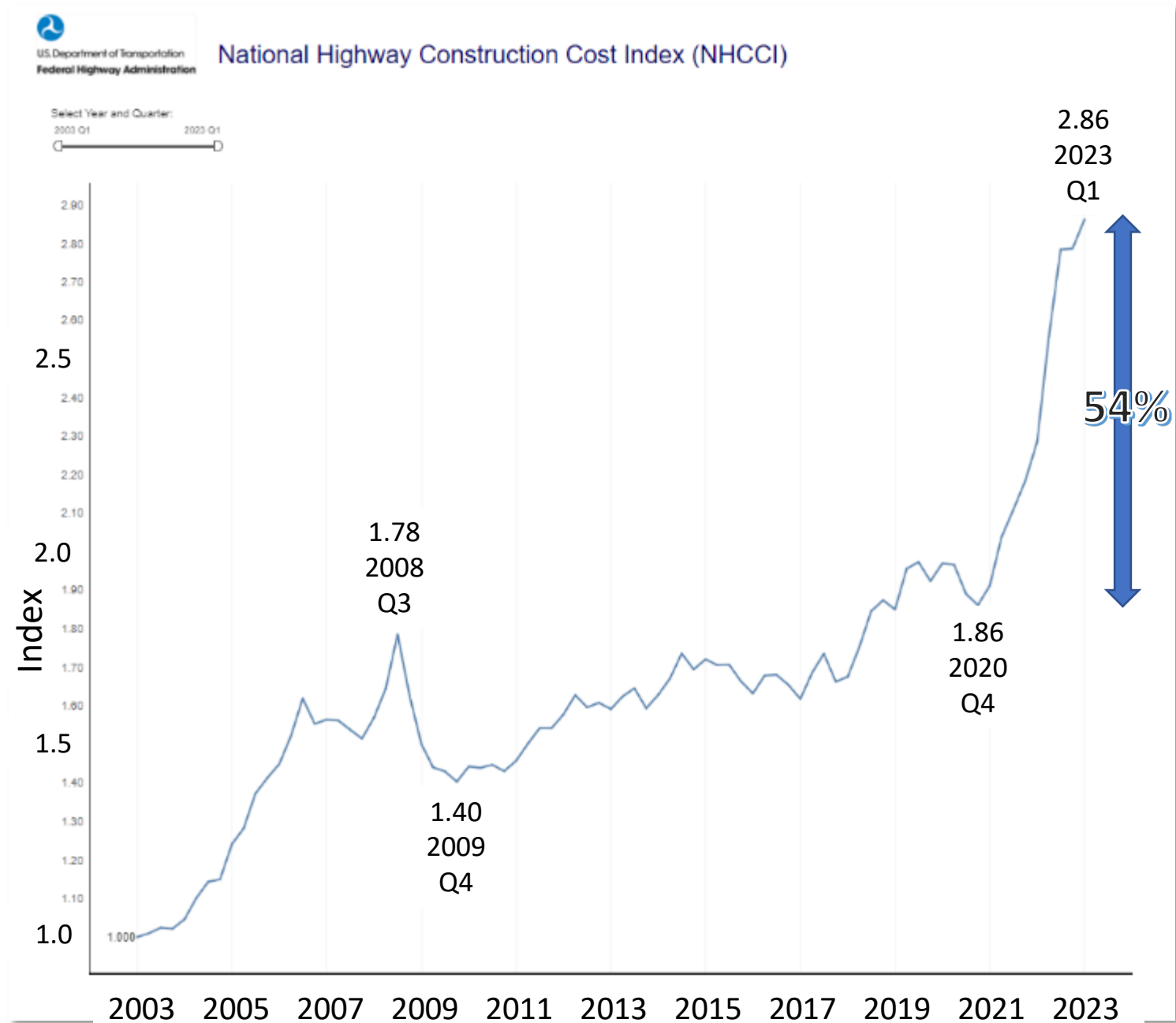


# Biennium Funding and Contract Spending



# USDOT's National Highway Construction Cost Index (NHCCI)

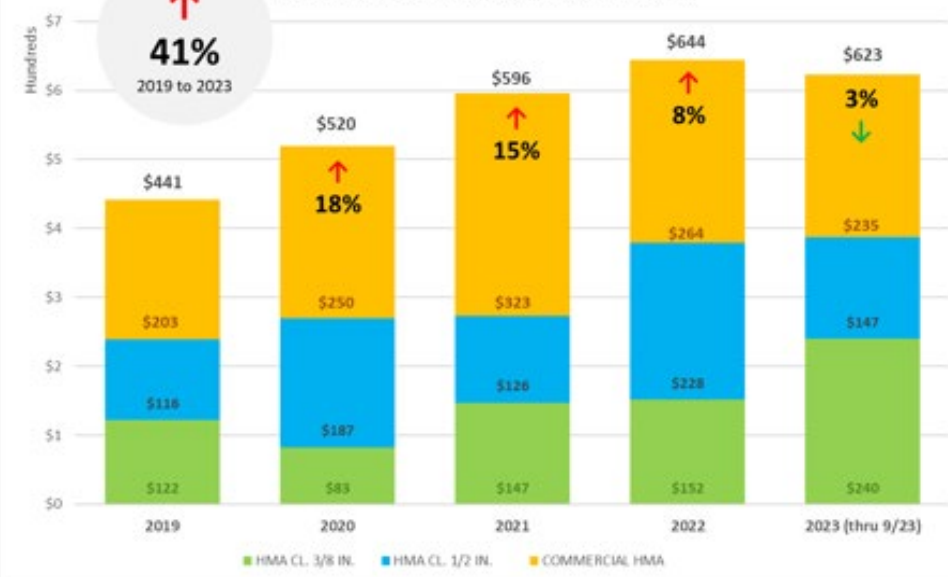
- Measures the average change in prices paid by State DOTs for roadway construction materials and services over time
- Used to track price changes in highway construction nationally
- Many states and regions experience more exaggerated cost spikes for certain commodities



DATA SOURCE:  
WSDOT bids data

### Composite Asphalt Price Trend

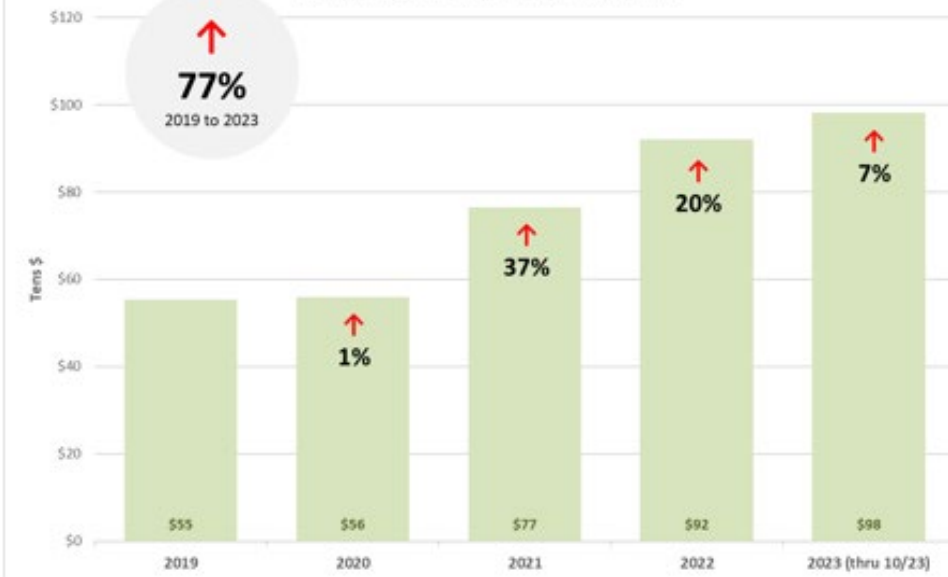
average cost per ton for all asphalt used in projects



DATA SOURCE:  
ENR

### Steel

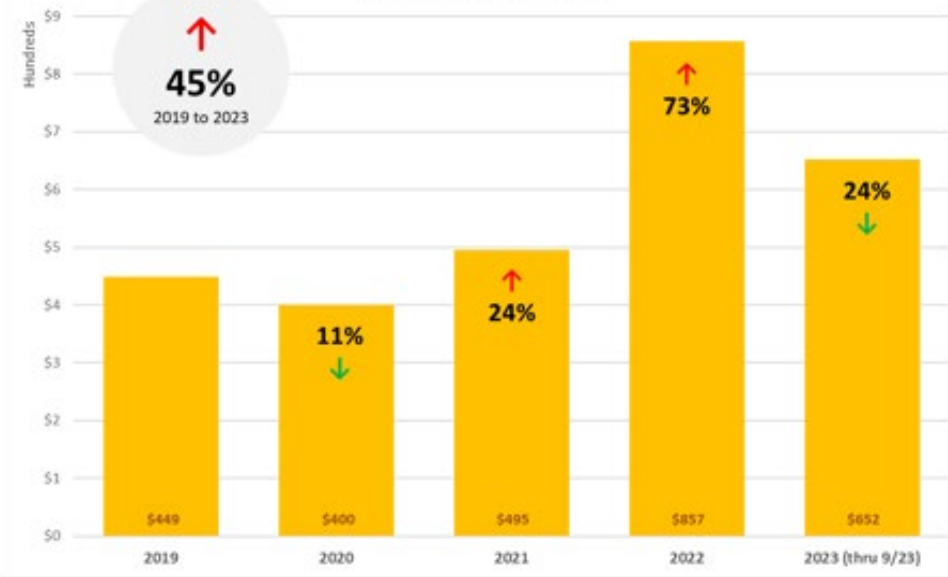
National Average Cost per hundred lbs. - Materials only



DATA SOURCE:  
WSDOT bids data

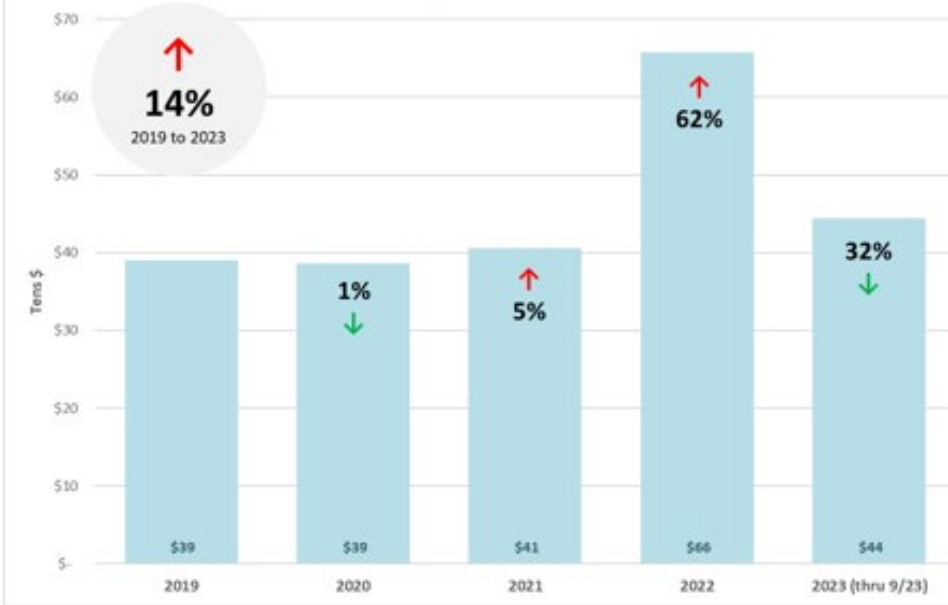
### Cement Concrete Pavement Price Trend

concrete prices remain volatile



DATA SOURCE:  
WSDOT bids data

### Crushed Surfacing Base Course Cost Trend



# External cost and risk factors creating cost escalation both here and nationwide

- Material cost volatility and availability
- Market conditions and competition among agencies
- Inflation volatility
- Workforce shortages
- Unanticipated events and risks impacting project schedules

The Seattle Times

## Prices skyrocket on WA transportation projects, and fewer contractors want the jobs

Sep. 21, 2023 at 6:00 am | Updated Sep. 21, 2023 at 6:00 am

The New York Times



## How the Supply Chain Crisis Unfolded

By Lizette Garcia and Peter S. Goodman Dec. 9, 2021

Ships stuck at sea, warehouses overflowing, trucks without drivers: The highly intricate and interconnected global supply

Los Angeles Times



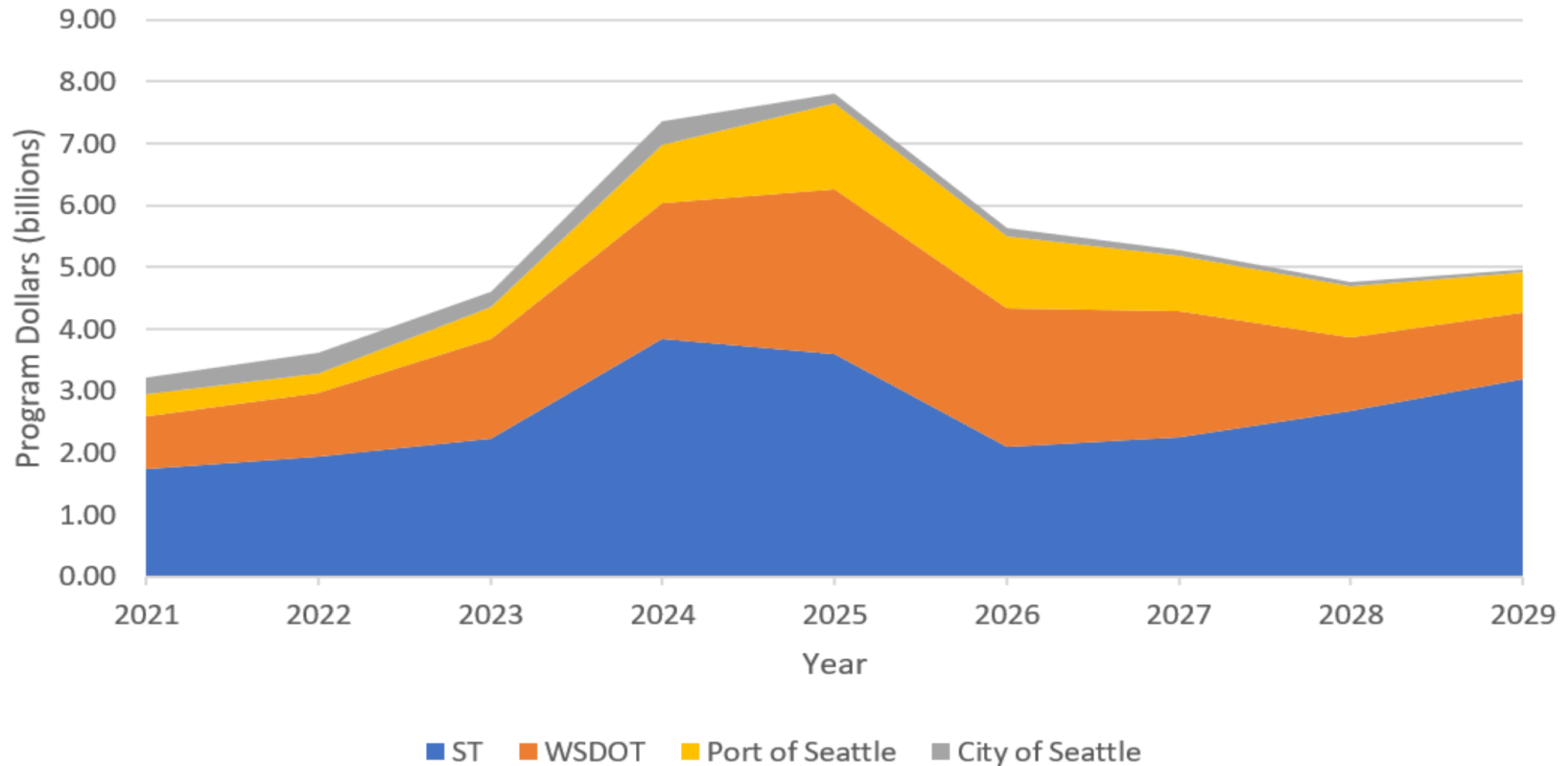
HOUSTON★CHRONICLE

LOCAL 7 TRANSPORTATION

TxDOT officials, citing rising costs, predict they will need to say 'no' to some highway projects

# Puget Sound's Combined Capital Programs

Puget Sound Regional Program Expenditures -- 12/2023





**So how are our projects being impacted?**

# Project/Program Cost Increases

			Shortfall:
▪ I-405 Brickyard to SR 527:	EE: \$525M	BV: \$834M	\$309M
▪ SR 520 Portage Bay Bridge:	EE: \$812M	BV: \$1.4B	\$588M
▪ SR 18 Hobart Rd to Deep Creek:	Current Estimate	\$600M	
	Updated Estimate:	Feb 2024 <sub>±</sub>	??
▪ Injunction Fish Barrier Program:	Current Program Budget:	\$3.8B	
	Revised Plan Estimate:	\$7.3-7.8B	\$3.5-4B
▪ 2023 Contracts (100 <sub>±</sub> total)	EE: \$706.2M	Low Bids: \$712.5M	\$6m
	Design-bid-build		

# Bids by the Numbers: Design-Build



Number of bidders on larger, complex, long-duration projects is down

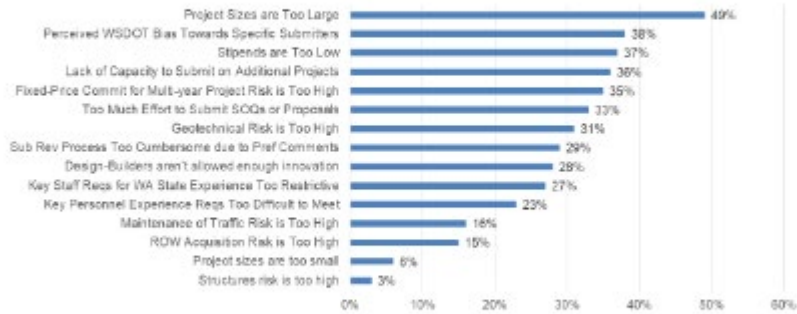


Bid prices compared to Engineer's Estimate are up



# Recent Design-Build Survey

## Q2: Which of the following factors contribute to a decision not to submit on WSDOT Design-Build projects?



\*n = 97

## Q3: % of Responders for whom a factor causes serious hesitation or prevents submitting

Factor	Responders for whom factor causes serious hesitation or prevents bidding
Key staff requirement for WA State experience too restrictive	14%
Design-Builders aren't allowed enough innovation	14%
Key Personnel experience requirements are too difficult to meet	9%
Maintenance of Traffic risk is too high	8%
Right of Way acquisition risk is too high	8%
Project sizes are too small	3%
Structures risk is too high	1%

## Q3: % of Responders for whom a factor causes serious hesitation or prevents submitting

Factor	Serious Hesitation or Prevents Submitting
Project Sizes are too large	40%
Perceived WSDOT bias towards specific submitters/proposers	30%
Lack of capacity to submit on additional Projects	28%
Fixed price commitment for multi-year project risk is too high	27%
Geotechnical risk is too high	23%
Stipends are too low	22%
Submittal Review process is too cumbersome due to preferential comments	22%
Too much effort to submit SOQs or Proposals	19%

## Q3: An overall view of how respondents rates the factors chosen in Q2:



\* 97 Respondents

# Things we're working on

- Splitting large projects into smaller ones – Gateway 167, SR 18
- Reassessing risk assignments
- Lessen/reduce experience requirements where appropriate
  - Experience versus Technical Ability
  - What is applicable experience
- Organizational Conflict of Interest – time to reassess where we're at
- Set up a Design Build Fish Passage Task Force
- Evaluating stipend amounts
- Continuing to closely oversee and scrutinize the SOQ and RFP eval process (eliminating bias)
- Evaluating the use of interviews
- Reference Checks