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Cc: [Tams, Chris](#); [Christopher, Chris](#); [Deffenbacher, Jon](#); [Baldwin, Melanie](#); [Keeth, Jon](#); [Tams, Chris](#); [Miller, Kevin](#); [Ambler, Melissa](#); [Cuthbertson, Jim](#); [Guadagni, Conrad](#); [Chi, John](#); [Linneth Riley-Hall](#)
Subject: May 8, 2024 CPARB/WSDOT Project Delivery Method Review Task Force Meeting -- WSDOT Action Items
Date: Friday, May 17, 2024 3:23:30 PM
Attachments: [SR 18 Widening Project Goals 5-16-24.pdf](#)

External Email

Talia and Task Force Members,

At the subject meeting, WSDOT was asked to provide the result of any analyses that have been performed on the Portage Bay Bridge and Brickyard design-build projects' cost estimates to understand the overruns. Both projects are nearing completion of the pre-NTP Practical Design Workshop (PDW) phase, where the purpose is to explore ideas and potential Contract changes that may eliminate or alter certain Project design elements yet still satisfy the Project's purpose and need. These discussions often result in cost savings and may lead to limited insight into the Design-Builder's costs. Notwithstanding the results of the PDW, the factors listed below have been identified as potential contributing factors to the difference between WSDOT's estimate and the Design-Builders' proposal price.

Portage Bay Bridge (Contract 9775, I-5 to Montlake - I/C and Bridge Replacement Project)

1. Inflation
2. Escalating Bid Environment
 - a. The Project performed multiple estimates as noted below. These estimates represent a snapshot in time and are derived using direct input from the contracting community.
 - i. • 2021 CEVP Estimate – \$754 Million
 - ii. • 2022 Independent Contractor Estimate – \$812 Million
3. Labor

Additional demand on the already tight local labor market could have driven contractor costs higher. Competition between projects may require a premium in order to keep qualified personnel on the project. Premiums (per diem) may also need to be paid in order to bring qualified people in from out of the area.
4. Subcontractor Availability

As the local market continues to flourish, it lowers the availability of subcontractors to perform the work. This may be evidenced by subcontractors not quoting a project because they do not have the capacity or by increasing their historical costs to cover their increased risks due to lack of a qualified labor force.
5. Material Supply Constrictions

The costs of commodities may be higher in the strong local market. Discussions with local suppliers indicated some material cost increases. Further constriction of the local and regional supply may drive further increases. With available work expected

to increase through 2024 we are seeing unprecedented competition among owners and agencies in the Puget Sound area, the state and nationally. Contractors appear to be factoring this into their bids.

6. Structures

Costs have increased in the Puget Sound due to the volume of work and overall cost increases. Structures costs are expected to be higher on the SR 520 corridor due to difficult access to the work and additional paid travel time for labor from remote parking areas to the work.

7. Geotechnical Conditions

This project is located in an area of complex geotechnical conditions. These existing conditions increased the foundation lengths of the structures, increasing the overall cost of the project.

8. Fish Windows

This project's construction schedule is limited to the Fish Windows included in the Project Permits. The majority of the Project scope is subject to these windows (PBBN and PBBS). Due to these limitations the overall contract length is longer.

9. Third Party Timeframes

This project is subject to several third-party agreements (Lumen, SPU, SCL, etc.) that put constraints on when the contractor can do the work, impacting the critical path and adding risk to the project.

Brickyard (Contract 9727, I-405/Brickyard to SR 527 Improvement Project)

1. Inflation

2. Escalating Bid Environment

The Project performed multiple independent contractor estimates as noted below. These estimates represent a snapshot in time and are derived using direct input from the contracting community.

Independent Contractor Estimate \$475M (Dec 2021)

Independent Contractor Estimate \$570M (Nov 2022)

Independent Contractor Estimate \$625M - 660M (May 2023)

3. Number of Bidders

Specific to the competitive Puget Sound bidding climate, we only received two Proposers for our Brickyard to SR 527 procurement, where we would traditionally shortlist to 3.

4. Workforce shortage:

Analysis shows that workload for Puget Sound agencies (WSDOT, Sound Transit, City of Seattle) will peak sometime in 2024. This may have led to high pricing for this project which is scheduled for completion in 2028.

5. Material cost increase and availability:

This project includes specialized ITS and electrical equipment (elevators and their electrical room). The costs for this equipment have increased at a higher rate than

other construction related materials. Availability of electrical equipment has proven difficult, resulting in long lead times to procure equipment needed.

Contract includes numbers of steel monotube sign structures, cabinets and toll gantries. Availability is challenging due to the small number of qualified firms to provide these items, resulting in long lead times to procure.

Contract includes numerous structures work that requires significant amount of concrete. Material cost of concrete has been increased and availability for delivery has been an issue on WSDOT active construction projects.

6. Market conditions

With available work expected to increase through 2024 we are seeing unprecedented competition among owners and agencies in the Puget Sound area, the state and nationally. Contractors appear to be factoring this into their bids.

7. Unanticipated events and risks impacting project schedules (ie: global supply chain issue and recent gravel strikes)

8. Project type and complexity

Unlike the traditional WSDOT project, this project also includes vertical elements such as buildings and elevators for the Bus Rapid Transit (BRT) station. This could potentially result to bidder to add additional risk value.

9. Project duration

This project will last five construction seasons and may introduce the risk of local labor union contract negotiations mid contract (labor contracts are typically three year terms).

10. Coordination with Toll Vendor

This project requires a complex toll roll out plan and coordination with the vendor, while very few design-builders have experience working with the WSDOT toll vendor. This could lead bidders to add additional risk value.

11. Fish Passage work

Six fish passages to be corrected with associated permit restrictions and fish windows. This restriction could lead bidders to add additional value for premium work.

The task force also requested the project goals for the SR 18 project. These have been provided in the attached document. Please do not hesitate to contact me if you require additional information.

Regards,

Art McCluskey, P.E.

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