

Location: via Teams

Meeting ID: 245 443 935 94 **Passcode:** tKAuFM

Committee Members: (12 members, 7 = quorum)

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|---|------------------------------------------------------|---|-------------------------------------------|
| x | Linneth Riley-Hall (Transit), Co-Chair / Janice Zahn | x | Tom Zamzow, Walsh Construction, Co-Chair |
| x | Bob Armstead, NAMC MBE | x | Santosh Kuruvilla, Engineers |
| | Lekha Fernandes, OMWBE | x | Stuart Moore, Atkinson Construction |
| x | Bobby Forch, MSVBE | x | Jessica Murphy, City of Seattle |
| x | Metin Keles, WBE / Arthur Antoine, Axiom | | John Salinas II, Specialty Subcontractors |
| x | Joseph C. Kline, WSU / Olivia Yang | x | Robynne Thaxton, Private Industry |

Guests/Stakeholders:

Talia Baker, DES/CPARB Staff
Thomas Brasch, WSDOT
Ping Liu, Flatiron Corp

Jessica Letteney, MFA
Terrence Lynch, WSDOT
Art McCluskey, WSDOT

The meeting began at 3:03 p.m.

Call to Order and Roll Call for Quorum

A roll call of members confirmed the meeting quorum. Co-Chair Tom Zamzow welcomed everyone to the Capital Projects Advisory Review Board (CPARB) WSDOT Project Delivery Method Review Task Force (TF).

Approve Agenda and Reconcile Meeting Time

Co-Chair Zamzow reviewed the agenda and requested any suggested changes to it; none were forthcoming. Co-Chair Zamzow noted that the agenda shows the meeting ending at 4:30 and suggested a meeting duration of 1.5 hours.

Robynne Thaxton moved to approve the agenda and have the meeting end at 4:30, and Santosh Kuruvilla seconded the motion. The agenda was approved by a unanimous voice vote.

Approve Minutes from 07/24/2024 Meeting

Co-Chair Zamzow reviewed the minutes from the 7/24/2024 meeting. TF members clarified that, while WSDOT has a reporting requirement of its Design-Builders on the cost requirement for permanent noise barriers, WSDOT has not been required to report to the Legislature when an environmental regulation adds cost to a project that is outside of WSDOT's control. (See Resources below for additional information on the Noise Barrier Cost Reporting) Terrence Lynch clarified that "C&M" is a reference to a construction and maintenance agreement with the railroads. The minutes were updated. Co-Chair Zamzow requested further comments from the group; none were forthcoming.

Robynne Thaxton moved to approve the amended minutes of the July 24, 2024, meeting, and Santosh Kuruvilla seconded the motion. The motion to approve the amended minutes was approved by a unanimous voice vote.

Interim Report and CPARB Schedule

Co-Chair Zamzow invited comments on the idea of an interim report that would allow WSDOT to move forward with the SR 526, SR 9 Marsh Rd, and North Spokane Corridor (NSC) Stage 3 projects and allow the TF to focus on the other projects in the NSC group. Then the TF can focus on the final report.

Report Content, Recommendations, and Supporting Research

Robynne said that the TF can incorporate parts of the previous report that give basic information on the delivery methods, then present the salient facts from WSDOT presentations about SR 526 and SR 9 Marsh Rd, excluding the NSC Stage 3 project. The two projects are 100% designed and don't meet the requirements under Revised Code of Washington (RCW) 47.20 or 39.10 for alternative procurement methods. The Design-Build Institute of America (DBIA) has a number of position statements and best practices that reflect that there are no significant prescriptive designs for a Design-Build (DB) project.

Co-Chair Zamzow agreed but raised the point that, although the Legislature's proviso discusses the NSC project as one job, WSDOT has said it is really six or seven. And one of those NSC projects is so far along in design that it falls into the same category as SR 526 and SR 9 Marsh Rd. If the TF includes the NSC project that is 100% designed, that reduces the number of projects that the TF would need to discuss in its final report.

Thomas Brasch confirmed that the NSC project has been broken into many different stages and projects. The Stage 3 project presented last time is the two twin bridges. The project is at 100% design and WSDOT is in the final stages of plan review. There are five other NSC projects that are not at 100% design: the Stage 2 project and the I-90 connection. The NSC ties into I-90 with a new system-to-system interchange that is broken into four stages. To summarize, collectively NSC comprises six projects, one is at 100% (the Stage 3 presented last meeting) and five others that are not.

Robynne asked whether the NSC projects would be procured as six projects.

Thomas said that the plan is to procure the NSC projects as six separate projects; however, the funding package under the entire number is for the entire NSC, but WSDOT broke those down into different segments and projects to manage the risks and keep that 10-mile stretch of highway moving.

Robynne requested a descriptive list of the six NSC projects to help the TF act in accordance with the direction from the Legislature.

Art McCluskey noted that the remaining projects are in the presentation that WSDOT has planned for the next TF meeting.

Co-Chair Zamzow noted that the remaining projects include the South to East Connection, the South, the West connection, the West to North, and the East and North, all the on- and off-ramps, and then the Phase 3 project that connects them all.

Thomas confirmed and said that they are prepared to present on the projects and answer clarifying questions.

Co-Chair Zamzow requested comments on whether to hear the WSDOT presentation on the rest of the NSC projects and noted that this issue relates toward the content of the interim report. Perhaps getting more context on NSC would help the TF.

Bob Armstead noted that he's heard that only one of the NSC projects is at 100% and the others are separate projects. He recommends that only that Stage 3 project should be included in the interim report.

Co-Chair Zamzow solicited more comments about which projects should be included. With Bob's recommendation, the interim report would include the SR 526, SR 9 Marsh Rd, and NSC Stage 3 projects. He asked for commentary from TF members and received four thumbs up reactions during the meeting. He agreed with Robynne's earlier comment that parts of the first report can be used in the interim report.

Robynne suggested just referencing the first report. She'd like to hear TF member recommendations and put them in a draft report. She requested a roll call of members to hear thoughts about what they think about the three projects as they are

today as well as any recommendations, as they had last time, regarding the project delivery checklist for future projects that are like these.

Santosh Kuruvilla agreed with Robynne's proposed plan. He suggested that the second report may be an opportunity to provide more from the perspectives of the general contractors on the committee who have cost-estimating expertise. He suggests taking a deeper dive than they did in the last report on cost, and he referenced Section 6.3. The underlying request from the Legislature is how to get to cost certainty. If there can be a deeper dive and use the expertise of some of the General Contractors on the committee.

Robynne noted that, as the TF continues its discussions, it will have more recommendations. Her memory of the plan is to provide the Legislature with all of the relevant recommendations in the final report.

Santosh noted that there was language from the Legislature about the 5% and giving WSDOT some flexibility on the procurement side. He would like to see the TF give some recommendations that would help WSDOT get closer to cost certainty.

Stuart Moore said he thinks the projects should be Design-Bid-Build (DBB); they are a slam dunk with no design left to do. The sooner the TF gets the recommendations out, the sooner WSDOT can advertise them.

Bob observed that there is a need and requirement to help the Legislature understand what cost certainty means. The members of the TF understand the concept. He thinks it would be best to first have a discussion with a member of the Legislature, and then the TF could determine whether or how cost certainty needs to be included in one of the reports.

Santosh said the interim report will mostly cover DBB projects, so he agrees with WSDOT's approach. On the transportation side, he has seen base bids then additive bids where the owner has the option to arrive at cost certainty based on the budget they have. For example, the accordion scope used at WSU that Joe Kline has mentioned. It might be good to capture some of these ideas in the interim report.

Bobby Forch added that there is a level of education and knowledge for public works contracting that may not be part of the expertise of the members of the Legislature. When an agency fixes a price for a project, factors such as the delivery method and what's happening in the market come into play. If a DB project is large and has certain elements of risk, it drives cost because of the risks, regardless of other market factors. He is not sure of the level of understanding that Legislators have of these nuances. Right now, it is hard to predict cost certainty in this market; projects are labeled as too big, too long, too risky. There are only a couple of ways to deal with this: make the project smaller or change the delivery method. And even with those, there can still be issues that drive costs. The issue of cost certainty is difficult and perplexing because each project is different and there are so many different factors that drive what happens. The audience for the reports may not understand the complexities. Learning public works contracting and delivery may be like learning a language—one can be fluent, conversant, or know a few phrases.

Joe Kline noted that he would like to provide an alternative perspective. He would like to see the TF recommend that the three fully designed projects continue with their course. It would be silly to do anything different and it's not clear what would be gained. He'd like them to be restarted before costs go up.

He represents WSU, another state owner. WSU does vertical construction, so if they get \$100 million to build a building, they have a pretty good idea of the building costs. If they use DB, it's because they have much more to do than they can accomplish with the money they get, which can lead to problems. For example, if WSDOT has 30 miles of road to construct and they think it will cost \$300 million, to get cost certainty, they might tell the DB community that they have \$300 million to

build \$300 million worth of road, no more and no less. However, if they find out they have to tunnel under water, that's a budget-buster.

The idea of the accordion scope is to build as much as possible and work with the Design-Builder to develop the scope. The agency is spending it all so they wring as much out of it as they can—kind of like buying as they go. If the project costs more than the budget, they ask for another project. This may be a different way to approach it. Maybe it would appease the Legislature, if their perspective is that WSDOT is going over budget. It's not the fault of the project manager, but the environment today. Maybe this approach changes the playing field about cost certainty and what WSDOT is getting done.

Jessica Murphy said she is a fan of making things as simple as possible on the interim report, such as endorsing the three projects to continue. She thinks it's a good idea to provide a simple preview of some of the concepts about cost certainty in the next report. She would like to make a distinction between cost certainty and cost effectiveness, different terms with different strategies. All owners want more for less. What the owner buys is risk transfer. An owner can have predictable costs and transfer all the risks but have no projects that they can afford. The interim report can give little snippets of these concepts, so it doesn't bog down the report.

Stuart agreed it's important to keep it simple. Some of the discussions on cost certainty, like the risk idea, cover big concepts. The discussion will take a long time, and it is more pertinent to the other projects that come later. This interim report could be quick; get it out there and give WSDOT what they need. He doesn't think that risk has anything to do with the DB freeway jobs; WSDOT does a lot of them.

Janice Zahn agreed that the interim report is a good idea. It sounds as if the Legislators are trying to understand how to have more trust in cost certainty. At the end of the day, if they want certainty, they need to be clear about the primary objective: adhering to the budget, staying on schedule, or building the full scope of work. She took a class from Barb Jackson recently and one slide said "Risk is measurable uncertainty. Uncertainty is unmeasurable risk." It seems that the Legislature would like to have the uncertainty measured. But uncertainty is called that because it is unmeasurable—if it could be measured and managed as a risk, it would not be uncertainty. She proposed including a recommendation to the Legislature that, if they want certainty, they have to provide clarity about whether they want the certainty in scope, schedule, or budget. The biggest danger when the Legislature thinks they are prioritizing scope, but they are prioritizing budget, and that shift causes rework, which is not optimal.

Arthur Antoine supported the proposal for this interim report to focus on the projects with their unique characteristics.

Robynne expressed her appreciation for the discussion and Janice's contribution. It has been a difficult timeframe for the TF to figure out cost certainty and whether it's certainty from the Engineer's Estimate or from initial pricing. And if an entity is not looking at the bids or proposals it receives, then it's not looking at the quality of the initial information and the disparity between the two. It's not possible to look at one without looking at the other. And WSDOT does a great job; there are so many factors that go into what a firm puts together for a bid. An explanation is needed but she was not sure whether to put the explanation in the interim report. She heard everyone agree that these projects have been fully designed and the recommendation seems clear. She agreed with Jessica that TF needs a super simple statement, almost a one-to-two-pager that explains that, when projects have already been designed, they don't meet the alternative procurement requirements as set forth in the previous report. Then Robynne will summarize the descriptions of the projects as provided by WSDOT and the status and simply say that the TF recommends that WSDOT goes forward with procurement for those projects.

She sees the need for an education piece around cost certainty. She does not believe the concept, as discussed by the Legislature, has been fully fleshed out. She will send around the recommendations that were initially discussed then deleted from the initial report. These were the things that WSDOT could do to get earlier industry input. The idea is that the accordion scope works with progressive DB or with a fixed-price flexible scope, but both require having a flexible scope.

WSDOT does not always have a flexible scope. Their projects have to get people from point to point. They might have to do fish passage to get the project permitted or to be acceptable to the natural resources trustee, or they may have to use certain kinds of asphalt. Bridges have to be structurally sound. There may not be a lot of give in some of these scopes because drivers have to get on and off the road, or there might be a utility crossing; they can't stop the project before it's properly joined to the next segment of road. These are big-ticket items.

The accordion scope is a tool all owners should have in their back pocket, but it's not always available. A road is not like a building that can be made taller or shorter; the road has to go from point A to point B. Robynne proposed that, by the end of next week or the next meeting, she will have a simple report for the group, and they can talk about whether additional recommendations need to be included. The TF's major recommendation will be that the projects continue as DBB and then she will state the reasons.

Co-Chair Zamzow agreed that there is broad consensus in the group to keep the report simple but delve into cost certainty a little. Exploring and analyzing cost certainty in detail will come in the final report at end of the year. The other five projects should be the priority.

Stuart proposed that homework for WSDOT would be to provide a list of the last 20 DB jobs with information on the Engineer's Estimate and the actual bid price. He predicts that there are two large jobs, Brickyard and SR 520, that are skewing the list.

Co-Chair Zamzow agreed that a list would be good supporting data for the discussion around cost certainty.

Robynne observed that 2023 was an extraordinary year for estimates. She had looked at all of the WSDOT published project information and there was significant overrun on the Engineer's Estimate on DBB and DB projects. She would like to see WSDOT's list for all projects of a certain size, \$25–30 million or more. Also, the Joint Transportation Committee is doing a study on national trends in delivery methods and best practices and she's part of the team working on it. She will be a liaison to that project to make sure all information is well coordinated and provide recommendations from that effort. She will provide information as it becomes available.

Jessica said that WSDOT must have data for all project delivery types, the Engineer's Estimate, estimate when it went to bid, and awarded amount. It should be easy to crunch the numbers, put them in the final report, and help the Legislature understand that there is not a problem, or the problem is not as big as they think it is.

Art noted that some of that data was provided to the TF when it first convened. And WSDOT just reviewed cost data from 2017 to the present. There were approximately 820 DBB and 35 DB projects. And the group is right that the variance is skewed by a couple of projects. There were some overruns on a few DB projects and DBB project costs were pretty much even. WSDOT can provide data with the goal of providing data both to the TF and to the study at the same time to keep the effort efficient.

Robynne agreed and noted that another mandate of the study is to coordinate, so she will coordinate.

Jessica added that, in the interim report the TF recommends that WSDOT do the projects as procured, their track record is good, and the results of the cost analysis might be the extra piece that is included.

Co-Chair Zamzow summarized that Robynne will provide a simple straw proposal report by the meeting in two weeks on August 21.

Robynne noted that she is currently on vacation, so the report may be delivered just before that meeting. She noted that she does not include anything that is not reflected in meeting minutes or information provided by WSDOT. As the minutes won't be delivered until just before the meeting, there may be statements that do not yet have full citations.

Co-Chair Zamzow shifted the group focus to the other business.

Other Businesses

Art McCluskey re-introduced Tom Brasch and Terrence Lynch from WSDOT's Eastern Region.

Terrence gave a presentation on the Stage 2 project, part of the NSC group. After the presentation, he invited questions from TF members.

Co-Chair Zamzow asked WSDOT when its Cost Estimate Validation Process (CEVP) was for the project, and whether the CEVP was for the Stage 2 project or the whole NSC program.

Terrence replied that the CEVP workshop was in June 2024. The consultant that owns the Monte Carlo simulator in the model is finalizing the report. They did a CEVP in 2019 and again in 2022. WSDOT is trying to keep the project on a two-year cycle.

Co-Chair Zamzow asked whether the CEVP was done for all stages or the remaining stages and whether there was a subtotal for each stage.

Terrence said that the CEVP was done for all projects underway with money to be spent, that is, those with obligated contracts, Stage 2, Stage 3, and the four projects under the I-90 connection umbrella. The idea was to account for future costs in their forecasts.

Co-Chair Zamzow asked WSDOT to confirm that they have obtained construction easements from the railroad for contractors for the girder erection.

Terrence confirmed that the construction easements are all part of one transaction. WSDOT bought a permanent airspace and a permanent foundation easement and a temporary construction easement for the contractor to build bridges on and over the railroad right-of-way.

Santosh asked whether WSDOT looked at the scope of the project and bid items in terms of must-haves and beyond must-haves.

Terrence noted that, in this project, everything is a must have; there are no non-must-haves. There are architectural items that WSDOT committed to for the community, but those are included because of the National Environmental Policy Act process and as part of environmental justice commitments. And the architectural elements are practical.

Thomas added that all the projects in the NSC have provided what is needed for functionality and very little additional in terms of overdesign. Even the right-of-way footprint reflects this. WSDOT continued to do traffic modeling to understand the number of lanes and shoulder widths as they moved the project from the north end of Spokane to the south.

Terrence added as an example that the shoulder width for project sections already completed were 10 feet on either side of the highway because that was the preferred design, but on the current section, the inside shoulder has been narrowed to 4 feet and the outside shoulder is 10 feet to save some cost. And finally, the initial design had more lanes in each direction but

now the facility has been right-sized to just what is needed for the project. So WSDOT has applied a practical solution lens to the project.

Thomas added that the project has been right-sized according to the land use of the region, using traffic modeling, working with the Spokane Regional Transportation Council and WSDOT's Regional Transportation Council.

Santosh suggested that WSDOT document that the CEVP addressed all those elements and that WSDOT has done everything they can up to this point.

Stuart noted that this project could be a candidate for the interim report, as it is at 75% design and with the issues with the railroad. He would like to hear from other TF members on whether to include this project.

Co-Chair Zamzow agreed that it would be tough to tie a DB into what is already a DBB into a common pier. It's hard to see where there is much room for innovation.

Robynne said she can take a shot at including the project in her report if everyone agrees that it should be included. And if not, that portion of the report could be deferred.

Co-Chair Riley-Hall said she was thinking the same thing in terms of innovation. There doesn't appear to be any additional innovation for this project. It sounded as if Value Engineering was done to maximize all the efficiencies. She agrees that the TF could recommend that this project should also be DBB in concurrence with WSDOT's decision. She would like people to take a vote to make sure there is agreement among the TF members.

Co-Chair Riley-Hall moved that the TF vote on whether the TF should recommend that the Stage 2 project as Design-Bid-Build, per WSDOT's recommendation, and include it in the interim report. Robynne Thaxton second seconded the motion.

TF members discussed the motion.

Bob noted that, with reducing lanes and the shoulder, WSDOT was still over the initial cost estimate for project. He has concerns about that.

Co-Chair Zamzow invited further discussion on the motion; none was forthcoming.

Co-Chair Zamzow called for a vote on the motion. All committee members except Bob Armstead voted in favor of passing the motion. Bob Armstead opposed passing the motion.

Co-Chair Riley-Hall asked Bob to provide his reasoning for his vote.

Bob said his understanding was that WSDOT was not recommending that the Stage 2 project be part of interim report and the idea to include the Stage 2 project was put forth by TF members.

Robynne noted that the idea to develop the interim report on projects with similar characteristics came from TF members initially. In ensuing discussions, one member noted that the Stage 2 project seems to have same characteristics as the others under discussion for the interim report.

Co-Chair Riley-Hall noted that, when the TF meetings first started, they grouped certain projects as DBB and agreed that they would do a report on DBB projects. The report for the SR 18 project had a June 1 deadline. After that, the TF decided to issue an interim report on DBB projects. The TF decided to take on the responsibility to do an interim report, which is

above and beyond the charge from the Legislature. Now that TF members have heard about the Stage 2 project, the idea is to put this one in with the DBB interim report.

Bob noted that, at the beginning of this meeting, the TF discussed including the Stage 3 project because it was at 100% design. The idea to include the Stage 2 project occurred after that discussion.

Co-Chair Zamzow suggested that Robynne work on the draft report and include Stage 2 for now. When TF members have had a chance to look at it, they can decide whether to include it or not.

Co-Chair Riley-Hall noted that this seemed reasonable to her because there is the option to take out the information on the Stage 2 project at the next meeting.

Regarding the vote, Talia Baker noted that there was one vote opposed to inclusion of the Stage 2 project and the rest of the TF voted in favor of inclusion. Unless the TF is looking for a unanimous vote, the majority can rule, and it can be included.

Robynne noted that inclusion is not final at this point; the TF can vote on final inclusion at a later point.

Next Meeting Agenda

Co-Chair Zamzow opened the discussion on the meeting agenda for the August 21 meeting. The primary item will be to review the draft recommendations that Robynne will include in the interim report. The TF can consider whether to move forward with recommendations for three projects or four. If time allows, WSDOT can give the presentation on the other five projects, but that would be a secondary agenda item. The primary focus should be the interim report to allow WSDOT to move forward.

The agenda for the August 21 meeting will include the following:

- Review and approve notes from the August 7 meeting.
- Review the draft interim report and TF recommendations.

Co-Chair Zamzow adjourned the meeting.

The meeting was adjourned at 4:41 p.m.

Next meeting: August 21, 2024, 3:00 p.m.

Action Items

1. Robynne Thaxton will provide the recommendations that were initially discussed for inclusion in the initial report with regard to cost certainty, then removed before it was submitted.
2. Robynne Thaxton will create a draft report with factual information, status, and TF recommendations on the SR 526, SR 9 Marsh Rd, NSC Stage 3, and [NSC Stage 2 projects](#).
3. WSDOT was asked to provide a list of the last 20 DB Jobs with the Engineer's Estimate and Actual Bid Price.
 - [Design-Build Contract Data Summary vs. Engineer's Estimate](#)
(The list can be accessed via the [Task Force homepage](#) under Resources)

Parking Lot:

- Consider a discussion with a member of the [Joint Transportation Committee](#) to help the TF determine what level of understanding regarding Cost Certainty the Legislature possesses to better gauge the level of cost certainty description needed to be included in one of the reports.

Resources

- [WSDOT Project Delivery Method Review Task Force Homepage](#)
- RCWs [47.20.780](#) and [47.20.785](#)
- RCWs [39.10.300](#) and [39.10.340](#)
- [GCCM Certification Application](#)
- [WSDOT Cost Estimating Manual for Projects](#)
- [WSDOT Bridge Design Manual Section 2.13.7.6 - Federal Highway Administration - Noise Wall Cost Reporting](#)