



ADMINISTRATION TEAM MINUTES

Date: September 15, 2006
Time: 9:00 am
Place: Tacoma AGC Building

<u>Attending</u>	Mark Borton	<u>✓</u>	David Mariman	<u>✓</u>	Mark Rohde	<u>✓</u>
	Jerry Brais	<u>✓</u>	Craig McDaniel	<u>✓</u>	Glenn Schneider	<u>✓</u>
	Forrest Dill	<u>✓</u>	Tina Nelson	<u> </u>	Mark Scoccolo	<u>✓</u>
	Paul Gonseth	<u>✓</u>	Cathy Nicholas	<u>✓</u>	Joe Spink	<u>✓</u>
	Tim Hayner	<u>✓</u>	Ken Olson	<u>✓</u>	Dave Standahl	<u>✓</u>
	David Jones	<u>✓</u>	Roger Palfenier	<u>✓</u>	Greg Waugh	<u>✓</u>

Guests: Van Collins (AGC), Kevin Dayton and Jennifer Brown (WSDOT), Valerie Whitman (MJ Kuney Co.), and representatives from organized labor.

Old Business – Apprenticeship utilization

Kevin Dayton opened with a round table of self-introductions for guests and members. Visitors were informed of the mission and composition of the Team (see attached Charter), and that transparency is accomplished by posting the meeting minutes on the WSDOT web site. Entities wishing to provide input into the Team can do so through the AGC or through any member.

Apprenticeship Utilization consists of three distinct efforts. The first was a successful joint effort at passing legislation. The second is ongoing participation of the Advisory Committee mandated by law and established by the Secretary of Transportation. The Advisory Committee consists of industry members (4 members representing union labor, 4 non-union) and the WSDOT State Construction Engineer, and is charged with determining the Legislatures intent. The third effort is development of the technical aspects for implementation of the law, which includes contract specifications and reporting, and is the charge of the AGC/WSDOT Administration Team.

Throughout the discussion, the Team was reminded that the merits of the law are outside the scope of this Team’s influence. The Department has no choice whether to or not to obey the law. Our focus is, and has always been, the technical aspects of implementation, with an objective of providing a level playing field that is fair to all. The success of the program is not ours to evaluate - that will happen later. Rather,

successful implementation of the program, (are the specifications biddable? does the reporting work?) are issues that are within this Team's ability to control.

Pilot Projects

The new component of the law is effective on July 1, 2007, but the Department intends to test the Apprenticeship Utilization specifications and reporting in several pilot projects right away. We would rather know soon if the specs contain gaps or the reporting system fails. These pilot projects must be short enough in duration to provide learning opportunities in time to make changes by July. Dave Jones will distribute the list of pilot projects to the Team. A suggestion was made to set pilot project goals in an amount that will test the reporting structure rather than the Good Faith Effort provisions.

Specifications

In preparing specifications, the Team has many questions to consider. How will the reporting system furnish the needed data? What happens when no apprentices are available? What is the test to determine that all available sources have been exhausted, and will the advisory committee determine this, or this Team? With the increased size of the construction program, where will the workforce come from? Will WSDOT extend contract time due to an inability to provide apprentice workers? Will additional time be designed into projects to account for the reduced productivity caused by mandating a less skilled workforce? Will DBE goals affect apprenticeship? What can we learn from agencies that are already requiring Apprenticeship Utilization?

Knowing the challenges faced by other agencies will aid this group in preparing workable specifications. King County has an office that deals specifically with apprenticeship. In King County's program, the 15% overall goal can be modified to be project specific because of geographic area, and because certain work types cannot meet the overall goal. For example, paving projects typically provide few opportunities for apprentices because the core work group is established. King County estimates labor hours and sets a goal in quantity of hours (not percent of hours), and on-line reports are required monthly. Early on, it was evident that Liquidated Damages (LD's) and Good Faith Efforts (GFE's) were necessary components of the specifications. King County does not establish goals on federally funded projects.

Good Faith Efforts

Future WSDOT specifications must have Good Faith Efforts clearly defined. Some items to consider include: What is the test for determining that all available resources are utilized? Does that mean that union and non-union contractors must each draw from the "other side." In the federal Training and DBE programs, contractors are required to draw from both sides. Although Apprenticeship utilization is state-funded, there may be some similarities to the fed funded programs. We can define "all sources" differently. Similar to DBE requirements, GFE info is gathered by the Project Engineer and forwarded to the Office of Equal Opportunity. It was suggested that we don't do what the fed Training program or DBE programs do. We should not specify a maximum amount of participation.

What about graduation from the program? Each craft has a scale ranging from 5000-7000 hours required to graduate. Graduation is the intent of the apprenticeship program, and needs to be considered in evaluating GFE's. Are contractors expected to fire graduates and then hire new apprentices to attain the goal? It was suggested that the remainder of hours worked by graduate apprentices count toward the goal.

Can apprenticeship participation attainment be counted per company instead of per contract? What about counting other measures that contractors take toward workforce development? In a Design-Build contract scenario, the owners score the things that they value. Can WSDOT prequalify based on attainment? It was noted that neither King County nor GA has ever met their goals, and WSDOT can't disqualify everybody. An evaluation of GFE's is necessary in order for the program to have a basis in reality.

The Department needs to consider availability during goal setting. Contractors are constantly adjusting workforce based on demand. The only way this can work is for 10-15% of a contractor's entire workforce to be composed of apprentices. A contractor cannot juggle workforce based on whether the project is a state job or not. A contractor may be able to advise the Department of availability problems during the bid, but once the contract is executed there can be no reduction in the goal without an analysis of Good Faith Efforts.

Reporting

Part of the problem with enforcement of the provisions is knowing when to take actions relating to noncompliance. A contractor that is not meeting the goal might make up the difference later. The specs could include a preconstruction meeting requirement to discuss how the goals will be reached. Reporting might be enhanced by a Contractor submitted utilization plan that describes the plan for attainment from subcontractors and prime, and when that attainment will be experienced. This could help to prevent WSDOT from overreacting to perceived noncompliance. The monthly reports will reveal when attainment is not keeping up with the plan. Poor subcontractor attainment will reflect upon the prime contractor if the overall goal is not met. However, WSDOT will not use this as reason to disapproved sublet requests, as the prime/sub relationship is not a WSDOT concern.

A reporting form will be available in an electronic format, and eventually electronic reporting will be the norm. Dave Jones is working on an on-line application for electronic reporting. The prime contractor will need to collect data from subcontractors and submit the data. If the reporting form can be an "approved equal," the process may be streamlined by including it with reports that most payroll programs already produce. It was noted that the form needs to provide more room for the data.

A suggestion was made to provide an incentive in addition to a disincentive. Contractors become quite innovative when motivated in this way. If the goal is exceeded there should be some recognition. The Training program is incentivized. WSDOT could

provide a bid item for Apprenticeship Utilization and allow the contractor to overrun the item. This is similar to the development of the Traffic Control Supervisor bid item that was created with the intent to improve traffic movement through the project; it works.

Other thoughts

Apprenticeship cannot be the sole responsibility of the Prime Contractor, each subcontractor must contribute. We need to grow the workforce. The lack of craft labor is already delaying jobs. WSDOT has an internal apprenticeship program. The law of supply and demand should result in higher availability. Apprentices have a higher chance of being called out because there will be a high demand. CITC has 3 non-union apprentice programs, the union has 5 programs, and more will come from demand. Industry is out recruiting, and WSDOT is out recruiting as a joint effort. The Apprenticeship folio was highlighted as an example of this (see attached)

A collection of comments include: Industry has always been pushing for apprentices. What's new now that the law requires it? Nothing is new here except for more red tape. Apprenticeship is just a union recruiting tool. Why would an employee work as an apprentice when they can join the union and get paid more? There's a supply problem, not demand. The Legislature went the wrong way – there is no funding for training in the crafts. WSDOT will see the cost of this program in higher bids because of the administrative burden. It was stated that our discussion should not focus on whether we like it or not, rather – how can we do it?

Regardless of federal participation, WSDOT simply cannot afford any provision that reduces competition. Our program delivery is already impacted by higher bids because there are fewer bidders available to do our work. Therefore, WSDOT must self regulate to avoid a reduction in competition.

Miscellaneous Business

AGC Annual Meeting – Please submit suggestions for agenda items to Van Collins.

Cost escalation – WSDOT has implemented an Asphalt Cost Adjustment specification due to requests from WAPA. A copy was distributed for informational purposes (see attached). A Fuel Cost Adjustment provision is being developed. It will work similarly to the provision included in the SR 202, SR 520 to Sahalee Way project, except that it will be specific to the type of work performed in order to provide adjustments that are commensurate with the actual fuel used. Both of these provisions are implemented in order to assume some of the risk of radical materials cost escalation, thereby reducing bid costs and increasing competition. (See attached)

Spec update – This Team generated some very important specification changes last year. A handout illustrated the large volume of work that was developed and implemented through our efforts. Nice job!!

Legislative audits – WSDOT is experiencing the latest round of audits. Performance audits were built into the TPA funding package.

Incentive/disincentive for documentation – The (attached) draft specs were distributed for comments. This provision is intended to be included in a handful of test projects this fall, and designed to facilitate earlier project closeout so that unexpended funds can be reallocated to construct more projects.

Concrete Strike – The concrete strike has ended with very little impacts to WSDOT projects. Business as usual has returned.

Completion of planting/plant establishment period – the issue of determining the start of first year plant establishment was raised again, with a suggestion to bring the AGC/WSDOT Roadway Team co-chair, Jim Spaid, to the next meeting.

Future Meetings

Friday, October 13

Friday, December 1

The meeting adjourned at 12:00 noon.

Subject Area	Sponsor
Section 1-08.6 Suspension of Work	Dave Jones
Section 1-08.7 Maintenance During Suspension	Joe Spink
Review, Summarize Region Specials	Craig McDaniel

Team’s “Round Tuit” List

1. Bid Item for On-site Overhead
2. Standing Disputes Review Boards
3. Joint Training—Documentation
4. Payroll, Wage Administration procedures
5. Web-Based Construction Management

AGC-WSDOT JOINT COOPERATIVE COMMITTEE

CELEBRATING 69 YEARS OF PARTNERING

Mission

Deliver quality, cost-effective transportation improvements through a working partnership of contractors and the Washington State Department of Transportation.

Objectives

To continuously improve:

- open communication and cooperation within the partnership.
- the constructed product.
- the processes of design, contract administration and construction.

To increase our customers' awareness of the partnership's effectiveness.

Organization

Lead Team: Coordinates and monitors activities of all other teams, providing resources and guidance. Schedules full committee activities. Anticipates trends and future technologies and commissions teams to research their practical applications.

Administration Team: Addresses contract administration issues.

Marine Team: Addresses all aspects of marine facilities including construction specifications and contract administration.

Roadway Team: Addresses earthwork, drainage and pavement specifications.

Structures Team: Addresses structural specifications including structural steel, concrete and foundations.

WSDOT Apprenticeship Program Implementation Overview

The Goal

In order to ensure that Washington State will have an adequate supply of skilled workers in the construction industry in the future, WSDOT is committing, as directed by the Washington State Legislature (RCW 39.04.320 and 2006 c 3 s 3), to the use of apprentices for at least 15% percent of the labor hours on all Department of Transportation public works projects estimated to cost two million dollars or more.

The Roadmap

We will develop a phased implementation plan, guided by the following three parameters, as set forth in RCW 39.04.320:

1. Apprenticeship requirements will be phased as follows:

For Projects with the following Ad Dates...	And with Estimated Project Cost of...	Apprentice Labor Requirement will be...
Pre-July 1, 2007	(conduct pilots – criteria tbd)	(conduct pilots – criteria tbd)
Phase 1: July 1, 2007 – June 30, 2008	\$ 5 M or greater	No less than 10%
Phase 2: July 1, 2008 – June 30, 2009	\$ 3 M or greater	No less than 12%
Phase 3: From July 1, 2009 – Forward	\$ 2 M or greater	No less than 15%

2. The Secretary of Transportation will have the authority to adjust these requirements on a project-specific basis in the following cases:
 - When there is a demonstrated lack of availability of apprentices in specific geographic areas; or,
 - When there exists a disproportionately high ratio of material costs to labor hours, which makes the apprentice participation requirement not feasible.
3. The Secretary of Transportation will establish an Apprenticeship Utilization Advisory Committee which will meet regularly to discuss WSDOT implementation of this program, and will report back to the Legislature on effects of the requirement on transportation projects and on the availability of apprentice labor and programs statewide.

The Approach

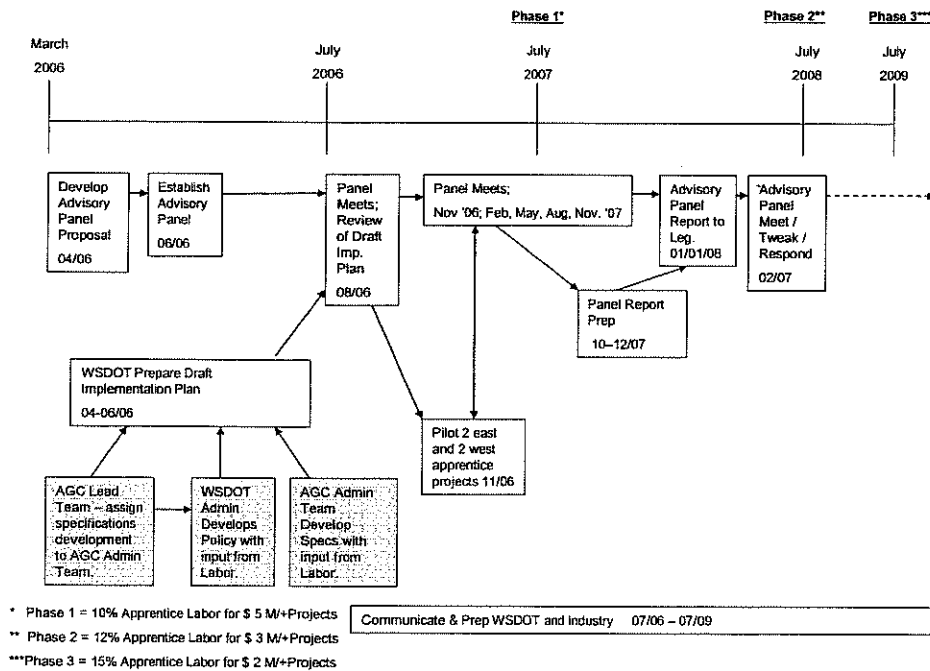
The implementation plan will be developed with a two pronged approach to ensure that the right mix of sound strategic policy and adequate technical requirements is achieved. The WSDOT Construction office will provide staff to ensure that the parallel phases are well integrated.

The Secretary of Transportation will develop and administer the Apprenticeship Utilization Advisory Committee. The focus of this committee will be to assist with defining strategic direction, and providing oversight through post-application review and recommendations. The committee will include statewide geographic representation and consist of equal numbers of representatives of contractors and labor, and will include at least one member representing contractor businesses with less than thirty-five employees. The committee will assist in defining the process used to adjust the requirements of this program for specific projects, and will provide a report to the legislature by January 1, 2008, on the effects of the apprentice labor requirement.

On a parallel path, the WSDOT Construction Office will work with the AGC Lead Team and Administration Team to develop appropriate contract specifications and expectations, as well as an enforcement strategy. This will be developed into a draft implementation plan, which will be reviewed by the Advisory Committee. The WSDOT Construction office will also select 2 pilot projects on the east side of the state, and 2 pilot projects on the west side of the state to be conducted prior to the July, 2007 Phase 1 requirements begin. Likely, those pilots will be on ad by November, 2006.

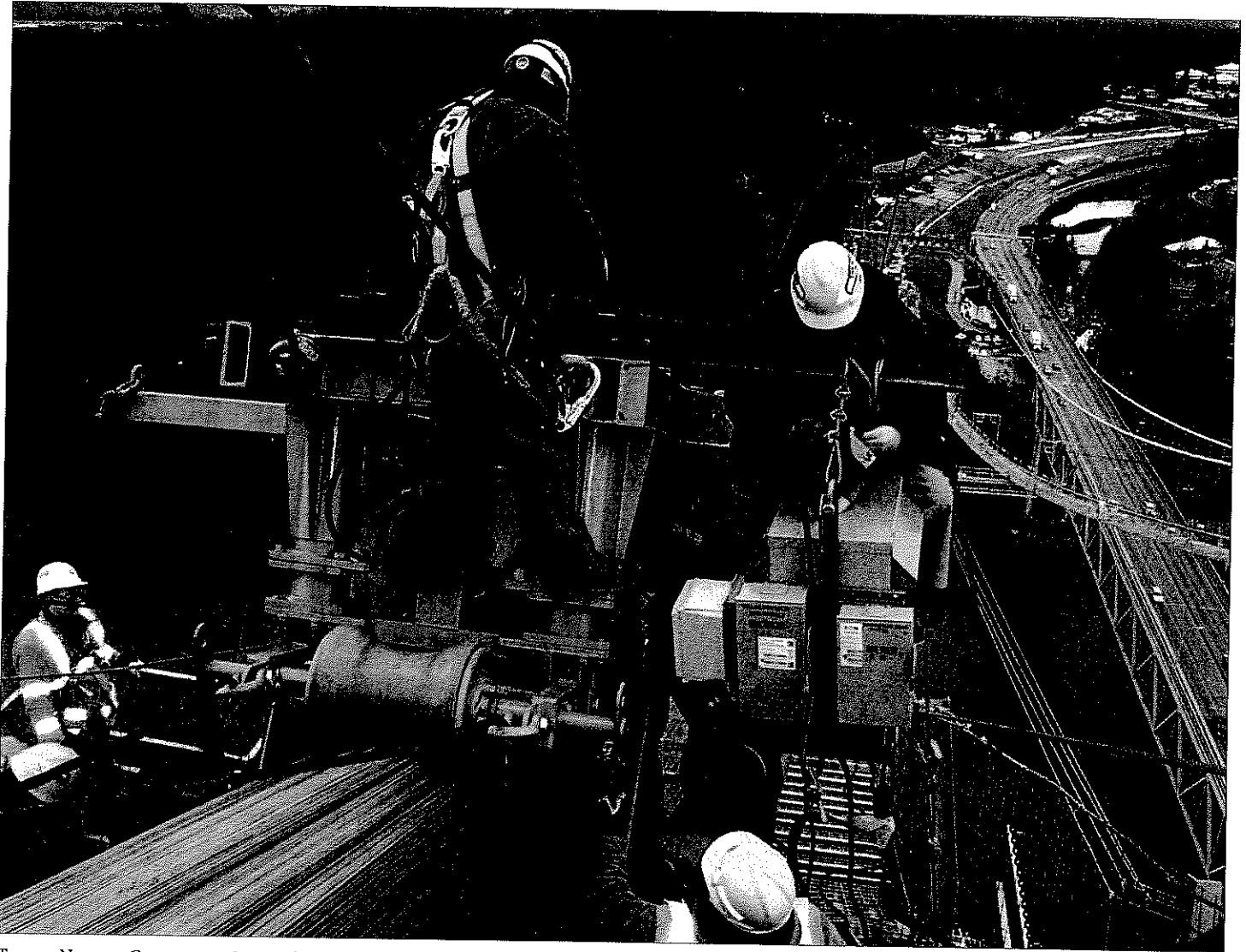
The graphic below illustrates WSDOT's proposed timeline and approach:

WSDOT Proposed Apprenticeship Program Implementation Schedule



The Washington State Department of Transportation Apprenticeship Utilization Program

September 2006



Tacoma Narrows Constructors Ironworkers compact the south main cable of the new Tacoma Narrows Bridge. The cable is made up of 8,816 wires.

WSDOT is committed to using apprentices on all Department of Transportation projects estimated to cost two million dollars or more.

As directed by the Washington State Legislature (RCW 39.04.320 and 2006 c 3 s 3), Washington state will have an adequate supply of skilled workers in the construction industry for the future.



**Washington State
Department of Transportation**

WSDOT's Apprenticeship Utilization Program Background and Workforce Outlook

During the 2005 Session, the Legislature passed 2SSB 6480, which allows WSDOT to implement an apprenticeship program in WSDOT construction contracts. This bill phases in the apprenticeship provision, starting at 10% of the total labor hours on projects estimated to cost \$5 million or more in 2007, 12% on projects estimated at \$3 million or more in 2008, and finally 15% on projects estimated at \$2 million or more in 2009. This bill also called for the Secretary of Transportation to create and convene an Apprenticeship Utilization Advisory Committee to help guide the Department's decision making process in the development, implementation and administration of this program.

As an early step toward implementation, WSDOT has undertaken the following activities:

1. WSDOT is establishing an Apprenticeship Utilization Advisory Committee which will meet regularly to discuss WSDOT implementation of this program. The committee will report back to the Legislature on effects of the requirement on transportation projects and on the availability of apprentice labor and programs statewide.

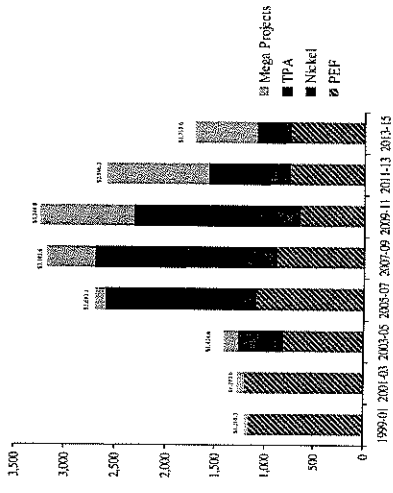
2. WSDOT is working with the construction industry to develop technical specifications which will be included in contracts beginning July 1, 2007.

3. WSDOT is laying the groundwork to use an apprenticeship requirement on four pilot projects (two east-side, two west-side) prior to July 2007.

* If you are interested in receiving periodic updates on the progress of this effort, please e-mail apprenticeship@wsdot.wa.gov.

Highway Construction Program

Dollars in Millions, 2006 Supplemental Budget



* This figure includes all Pre-Existing Funds (state and federal), Nelski and TPA funds, includes Preservation and Improvement Programs with two exceptions: expenditures for the Tacoma Narrows Bridge and expenditures in the improvement program reimbursed by Sound Transit.

Large Program Stimulates Job Growth

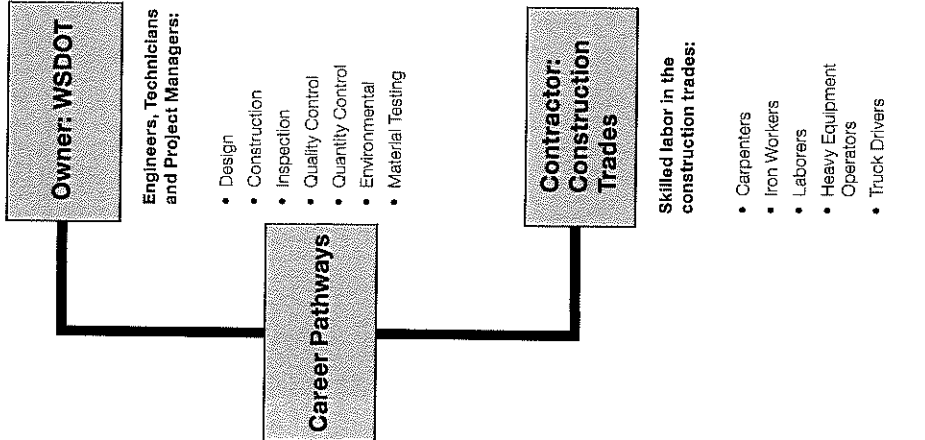
WSDOT's highway construction program has nearly doubled in the past few years. The above chart shows the size of the program through 2015. WSDOT estimates a need for more skilled workers in the construction trades, as well as more program management staff at WSDOT.

WSDOT is phasing in apprenticeship requirements that will increase the number of skilled workers in the state. Besides skilled workers in the construction trades, WSDOT also predicts that it will need more trained engineers to help manage WSDOT projects.

WSDOT Project Advertisement Date	Estimated Cost	% Apprentice Labor
Phase 1: July 1, 2007 - June 30, 2008	\$5 Million or greater	No less than 10%
Phase 2: July 1, 2008 - June 30, 2009	\$3 Million or greater	No less than 12%
Phase 3: After July 1, 2009	\$2 Million or greater	No less than 15%

Career Pathways for WSDOT Projects

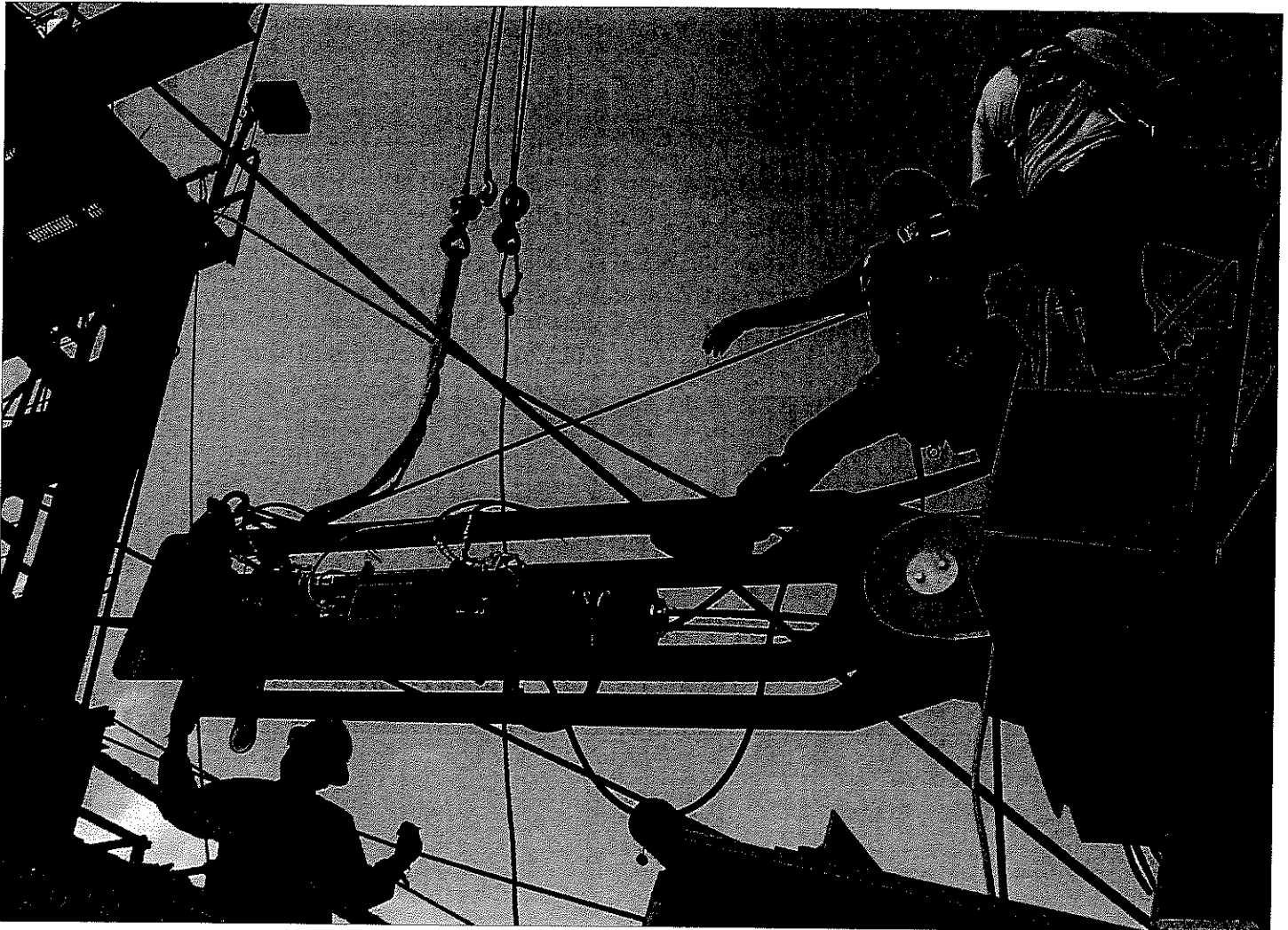
There are several approaches to working in the construction industry on WSDOT projects, like the Tacoma Narrows Bridge. Two possible career pathways include working for WSDOT, the project "owner," and working for contractors who build the projects. For more training and apprentice opportunities, and information about different career pathways please refer to the web pages listed on the back page.



WSDOT Project Engineers Dennis Engel (left) and Eric Ortfeld observe the construction of the new Tacoma Narrows Bridge atop the existing bridge.



All Kareem, an ironworker for Tacoma Narrows Constructors, makes individual wire strand adjustments to the main cable of the new Tacoma Narrows Bridge.



Tacoma Narrows Constructors Ironworkers install a strand jack used to move the gantry cranes at the new Tacoma Narrows Bridge. The gantry cranes on the bridge cables are used in deck lifting operations.

WSDOT and Construction Trades Employment Contacts

The Washington State Department of Transportation

<http://www.wsdot.wa.gov/employment/>

Labor & Industries

<http://www.lni.wa.gov/default.asp>

Washington State Building and Trades Council

<http://www.wabuildingtrades.org/buildingtrades/index.htm>

Construction Industry Training Council

<http://www.citcwa.com/default.htm>

AGC of Washington; Seattle, WA

<http://www.agcwa.com/>

AGC of Washington; Inland Northwest Chapter; Spokane, WA

<http://www.northwestagc.net/>

Materials can be provided in alternative formats: large print, Braille, cassette tape, or on computer disk for people with disabilities by calling the Office of Equal Opportunity (OEO) at (360) 705-7097. Persons who are deaf or hard of hearing may contact OEO through the Washington Relay Service at 7-1-1.

WSDOT ensures full compliance with Title VI of the Civil Rights Act of 1964 by prohibiting discrimination against any person on the basis of race, color, national origin or sex in the provision of benefits and services resulting from its federally assisted programs and activities. For questions regarding WSDOT's Title VI Program, you may contact the Department's Title VI Coordinator at (360) 705-7098.

Directions for use:

Evaluate for use in all contracts advertised after July 1, 2007 provided the respective dollar threshold is met. The evaluation is an assessment of the project as follows; contracting agency may adjust the requirements of this section for a specific project for the following reasons:

- (1) The demonstrated lack of availability of apprentices in specific geographic areas
- (2) A disproportionately high ratio of material costs to labor hours, which does not make feasible the required minimum levels of apprentice participation
- (3) Other criteria the awarding agency director deems appropriate, which are subject to review by the office of the governor.

Any adjustment to the utilization amount requires approval of the HQ Construction Office. Contact the Assistant State Construction Engineer for Administration for assignment of the apprentice utilization requirement.

Fill in 1 is:

(10%)

Provided the contract is advertised on or after July 1, 2007 but before July 1, 2008 and is estimated to cost over five million dollars or,

(12%)

Provided the contract is advertised on or after July 1, 2008 but before July 1, 2009 and is estimated to cost over three million dollars or,

(15%)

Provided the contract is advertised on or after July 1, 2009 and is estimated to cost over two million dollars.

1-07.28 Apprenticeship Participation

This contract includes an apprentice utilization requirement of *** (\$1\$\$) *** as defined in this specification.

Definitions

For the purposes of this specification the following definitions apply

- (1) Apprentice means an apprentice enrolled in a state-approved apprenticeship training program.
- (2) Apprentice utilization requirement means the requirement that the specified percentage of labor hours be performed by apprentices.
- (3) Labor hours means the total hours of workers receiving an hourly wage who are directly employed on the project site. Labor hours include hours performed by workers employed by the contractor and all subcontractors employed on the project site. Labor hours do not include hours worked by foremen, superintendents, owners, and workers who are not subject to prevailing wage requirements.
- (4) State-approved apprenticeship training program means an apprenticeship training program approved by the Washington State Apprenticeship Council.
- (5) Good faith effort consists of written documentation demonstrating that the Contractor has worked in concert with available resources and unsuccessfully solicited apprentice participation from all available sources. Good faith efforts include documentation that the Contractor has required subcontractors to employ apprentices when the scope of subcontracted work presented an opportunity to do so.

Reporting

For each project that has an apprentice utilization requirement, the contractor shall submit a monthly **Statement of Apprentice/Journeyman Participation** on WSDOT form 422-110. This form is due on the first Tuesday of the month, every month until the contract has reached physical completion. The project engineer may suspend this reporting requirement during periods of minimal work activities on the project. The contractor shall submit consolidated and cumulative data collected by the contractor and collected from subcontractors. The data includes the following:

1. Contractor name and address
2. Project name
3. Contract number
4. Reporting period
5. Name and registration number of each apprentice
6. Total number of apprentices and quantity labor hours worked by them, categorized by trade or craft.
7. Total number of journeymen and labor hours worked by them, categorized by trade or craft.
8. Total percentage of apprentice hours worked

In addition the contracting agency may request certified payrolls per section 1-07.9(5).

As an alternative, the contractor may submit the apprentice/journeyman participation data online using the Construction Management and Tracking System (CMATS). Use of CMATS will become a requirement for all contractors as of January 7, 2008.

Contacts

Bidders may contact the Department of Labor and Industries, Specialty Compliance Services Division, Apprenticeship Section, P.O. Box 44530, Olympia, WA 98504-4530 by phone at (360) 902-5320, and e-mail at thum235@lni.wa.gov, to obtain information on available apprenticeship programs.

Compliance

- A. In the event that the Contractor is unable to accomplish the required apprentice percentage but can demonstrate a good faith effort to meet the requirements as specified, then the Contracting Agency will consider adjusting the percentage accordingly. Lacking compliance or evidence of a good faith effort to comply with the requirements as specified may constitute a material breach of contract, which could result in revocation of qualification according to WAC 468-16-190.



Washington State
Department of Transportation

Contract
Number

Name of Project

Statement of Apprentice/
Journeyman Participation

Final
Amount

Contract
Award Amount

Execution
Date

App.
Hrs.

Jour.
Hrs.

% App.
Hrs.

Firm Name


Location of Project

Draft



September 1, 2006

TO: J. C. Lenzi, Eastern Region
Don Senn, North Central Region
Lorena Eng, Northwest Region, NB82-101
Randy Hain, Olympic Region, 47440
Don Whitehouse, South Central Region
Don Wagner, Southwest Region, S15
Dave Dye, Urban Corridors, TB85-95

FROM: Don Nelson 
360-705-7101

SUBJECT: **Project Delivery Memo #06-02 – Asphalt Cost Price Adjustment**

Purpose and Direction

Background: We have all been watching as prices for various materials used in highway construction have climbed to record levels. WSDOT has been working with several of the industry associations and watching other states to determine whether some sort of price adjustment provision should be included in contracts. Recently, we have concluded that a price adjustment provision should be implemented for long-term projects in order to minimize the risk for contractors, which will result in more realistic bids for the various products that use liquid asphalt.

Price adjustment provisions, or escalation clauses, have been used on WSDOT projects in the past. Beginning in the mid 1970s, and through the beginning of 1984, WSDOT used a provision that required monthly polling of asphalt suppliers, calculations of adjustments for various liquid asphalt products, and certification of actual costs by the contractor. Those few folks who are still on staff remember this as an administrative nightmare. Again, for a short time in late 1990, a price adjustment provision was included in some long duration contracts. This special provision was taken out of service in March 1991.

Types of Projects Affected: The Asphalt Cost Price Adjustment provisions are to be used on all projects that are longer than one season that have HMA items, or in single-season projects that contain HMA, where it is anticipated that paving will not start for at least six months after the project is executed.

Direction: This change is being implemented as a set of General Special Provisions to be included in the types of projects noted above. A standard bid item has been created. We anticipate that the need for this provision will continue for several years. The need for the provision will be evaluated annually in conjunction with industry associations.

Value in Making the Change: This provision minimizes the risk to the contractors for continuing escalation of the cost of liquid asphalt. In a competitive bidding environment, this will result in more realistic bidding for the HMA products because the bids will not need to include excessive amounts of speculation on the cost of liquid asphalt in the long duration projects.

Action Requested

Project Development

Use GSP 04044.GR5 and 04054.GR5 and bid item for "Asphalt Cost Price Adjustment" in qualifying contracts that are scheduled to be advertised after September 4, 2006. A copy of these GSPs is attached.

Use the following guidance for estimating the amount to be included in the proposal:

For projects 1 year and less in duration, include \$1 of adjustment per 1000 tons of the total quantity of all HMA items included in the proposal.

For projects 1 to 2 years in duration, include \$300 of adjustment per 1000 tons of the total quantity of all HMA items included in the proposal.

For projects 2 to 3 years in duration, include \$1300 of adjustment per 1000 tons of the total quantity of all HMA items included in the proposal.

For projects greater than 3 years in duration, contact the HQ Construction Office for assistance in determining the amount to be included in the proposal.

Because the cost adjustment is to be calculated and paid monthly for the amount of HMA placed, some consideration needs to be given to the timing of HMA placement when developing the estimate for the cost adjustment.

Contract Ad and Award

Add the GSPs and bid item by addendum to qualifying contracts currently advertised for bid.

Construction

Projects that are currently under contract will not be eligible to incorporate this provision.

DN:cd
KJD/HJP/JRS

Attachment

cc/att:	John Conrad	Region Project Development Engineers
	Tom Baker	Region Construction Engineers
	Kevin Dayton	Region Construction Trainers
	Harold Peterfeso	Region Materials Engineers
	Megan White	Region Design Trainers
	Dave Mounts	Highways and Local Programs

04044.GR5 (Asphalt Cost Price Adjustment) (September 5, 2006)

Include in all projects containing Hot Mix Asphalt that are longer than one season, or in projects that contain HMA when the start of paving will not occur until 6 months or more after contract execution. Must include 04054.GR5 and standard item 5837.

(September 5, 2006)

No specific unit of measurement will apply to the calculated item of asphalt cost price adjustment.

04054.GR5 (Asphalt Cost Price Adjustment) (September 5, 2006)

Include in all projects containing Hot Mix Asphalt that are longer than one season, or in projects that contain HMA when the start of paving will not occur until 6 months or more after contract execution.

(September 5, 2006)

Asphalt Cost Price Adjustment

The Contracting Agency will make an Asphalt Cost Price Adjustment, either a credit or a payment, for qualifying changes in the index cost of asphalt binder. The adjustment will be applied to partial payments made according to Section 1-09.9 for the following bid items when they are included in the proposal:

- "HMA Cl. ___ PG ___"
- "HMA for Approach Cl. ___ PG ___"
- "HMA for Preleveling Cl. ___ PG ___"
- "HMA for Pavement Repair Cl. ___ PG ___"
- "Commercial HMA"

The adjustment is not a guarantee of full compensation for changes in the cost of asphalt binder. The Contracting Agency does not guarantee that asphalt binder will be available at the index cost.

The Contracting Agency will establish the monthly cost index each month and post the information on the Agency website at: <http://www.wsdot.wa.gov/biz/construction/>. The monthly cost will be determined using posted prices furnished by Poten & Partners, Inc. If the selected price source ceases to be available for any reason, then the Contracting Agency will select a substitute price source to establish the monthly cost index.

The base cost established for this contract is the monthly cost posted on the Agency website for the month immediately preceding the bid opening date.

Adjustments will be based on the most current monthly cost for Western Washington or Eastern Washington as posted on the Agency website, depending on where the work is performed. For work completed after all authorized working days are used, the adjustment will be based on the posted monthly cost for the month during which contract time was exhausted. The adjustment will be calculated as follows:

No adjustment will be made if the monthly cost is within 10% of the base cost.

If the monthly cost is greater than or equal to 110% of the base cost, then
Adjustment = (Monthly Cost – (1.1 x Base Cost)) x (Q x 0.056).

If the monthly cost is less than or equal to 90% of the base cost, then
Adjustment = (Monthly Cost – (0.9 x Base Cost)) x (Q x 0.056).

Where Q = total tons of all classes of HMA paid in the current months progress payment.

“Asphalt Cost Price Adjustment”, by calculation.

“Asphalt Cost Price Adjustment” will be calculated and paid for as described in this section. For the purpose of providing a common proposal for all bidders, the Contracting Agency has entered an amount in the proposal to become a part of the total bid by the Contractor.

**WSDOT CONSTRUCTION****Office Links**

- [Home](#)
- [Office Staff](#)
- [Administration](#)
- [Roadway](#)
- [Bridge](#)
- [Documents](#)
- [Alternative Delivery](#)
- [Ad & Award](#)
- [Downloads](#)
- [Materials Lab](#)

Industry Teams

- [AGC Administration Team](#)
- [AGC Roadway Team](#)
- [AGC Structures Team](#)
- [Design Build](#)
- [WAPA/WSDOT](#)
- [ADSC Team](#)

Resources

- [Reports](#)
- [Engineering Publications](#)
- [Industrial Insurance Rates](#)
- [Labor Rates - State and Federal \(WSDOT Projects Only\)](#)
- [Workplace Posters](#)
- [Construction Inspection Training Program](#)
- [Links](#)

Weather & Roads

- [Construction Projects](#)
- [Traffic and Weather](#)
- [Winter Driving](#)
- [Studded Tire information](#)
- [The Pacific Northwest Seismograph Network](#)

For comments or questions about the Construction Office web pages e-mail, [John Anderson](mailto:John.Anderson@wsdot.wa.gov) at andersj@wsdot.wa.gov

Asphalt Binder Monthly Cost Index

This page provides the Asphalt Binder Monthly Cost Index used for calculating asphalt cost price adjustments for contracts utilizing the Cost Price Adjustment GSP.

The Asphalt Binder Monthly Cost Index is established by WSDOT using the average of the current price of asphalt cement furnished by Poten and Partners, Inc. for the Pacific Northwest. The Western average is based on Poten and Partners, Inc's weekly averages for the Seattle, Washington area. The Eastern average is based on Poten and Partners, Inc's weekly averages for the Eastern Washington area including Northern Idaho. The Asphalt Binder Monthly Cost Index will be the average of the posted price from the last Friday of the current month to the last Friday of the previous month. If weekly price information ceases to be available from Poten and Partner's, Inc., WSDOT will select and begin using a substitute price sources or index to establish the asphalt monthly price averages at its discretion.

Projects in Northwest, Olympic and Southwest regions use the Western Index with the exception of Klickitat County which will use the Eastern Index. Projects in North Central, Eastern and South Central use the Eastern average.

Asphalt Binder Monthly Cost Index: Eastern and Western Washington

The Western Index includes Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kitsap, Lewis, Mason, Pacific, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakim, and Whatcom Counties.

The Eastern Index includes Adams, Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield, Grant, Kittitas, Klickitat, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman and Yakima Counties.

*A project spanning Eastern and Western counties will use the index of the county that the majority of the work takes place in.

The Washington State Department of Transportation

Asphalt Binder Monthly Cost Index - West and East



WESTERN		EASTERN
Western average based on Poten and Partners, Inc. weekly average for the Seattle, WA area	MONTH	Eastern average based on Poten and Partners, Inc. weekly average for Eastern WA and Northern ID
\$361.25	AUGUST 2006	\$422.50
	SEPTEMBER 2006	
	OCTOBER 2006	
	NOVEMBER 2006	
	DECEMBER 2006	
	JANUARY 2007	
	FEBRUARY 2007	
	MARCH 2007	
	APRIL 2007	
	MAY 2007	
	JUNE 2007	
	JULY 2007	
	AUGUST 2007	
	SEPTEMBER 2007	
	OCTOBER 2007	
	NOVEMBER 2007	
	DECEMBER 2007	
	JANUARY 2008	
	FEBRUARY 2008	
	MARCH 2008	
	APRIL 2008	
	MAY 2008	
	JUNE 2008	
	JULY 2008	
	AUGUST 2008	
	SEPTEMBER 2008	
	OCTOBER 2008	
	NOVEMBER 2008	
	DECEMBER 2008	
	JANUARY 2009	
	FEBRUARY 2009	
	MARCH 2009	
	APRIL 2009	
	MAY 2009	

Subject Area	Sponsor	Status	Date of Issue
Section 1-08.3	Craig McDaniel	Completed	April 3, 2006
1-08.3 alternate simple job	Paul Gonseth	Completed	April 3, 2006
GSP 1-08.3 alternate complex job	Forrest Dill	Completed	August 7, 2006
Section 1-08.4	Mike Hall	Completed	April 3, 2006
Section 1-08.5	Paul Gonseth/Greg Waugh	Completed	April 3, 2006
Section 1-08.5 (sub) Variable Start Date / Fixed Start Date	David Standahl	Completed	August 7, 2006
Section 1-08.5 (sub) Accelerated Start, shortening times	Dave Jones	Already addressed	Var. Start N/A
Section 1-08.5 (sub) Alternate Shifts (could be a family of specs)	Tim Hayner	Dropped	N/A
GSP 1-08.5 (sub) Restrictions to Critical Work	Paul Gonseth	Completed	August 7, 2006
Section 1-08.6	Dave Jones		
Section 1-08.6 (sub) Procurement Suspension	Mark Borton	Completed	August 7, 2006
Section 1-08.7	Joe Spink		
Section 1-08.8	Mark Scoccolo	Completed	April 3, 2006
Review, Summarize Region Specials	Craig McDaniel		

Contract Documentation Close-out Paperwork Specifications

If there is a delay in the contract close-out beyond the 180 day goal as stated in the Construction Manual, there is the potential that unexpended funds will remain idle rather than being re-programmed for active or additional projects. To be accountable for managing our funds and addressing our transportation needs, the unexpended funds should be re-programmed as soon as practical. Doing so allows these funds to be allocated to an existing project or fund a new project sooner. With the funds de-obligated earlier, future projects may be out on the street sooner than anticipated.

With an emphasis from the FHWA (mandated by Congress, FIRE, 2002) to strengthen financial accountability, it has become apparent that contract close-out procedures need to be reviewed and innovative approaches in which the close-out can be completed timely should be explored.

The lack of required documentation from the Contractor is still the primary reason for delays in closing out WSDOT projects. So, on a trial basis, we have produced two new specifications in which we intend to either pay the Contractor a lump sum amount at the end of the project to provide all required documentation at Physical Completion or, withhold a percentage of the mobilization until all documentation required by the contract is received at Physical Completion. In either case, the dollar amount should be significant enough to make it worth the Contractors effort to provide us the documentation in the prescribed time. Physical Completion will not be granted until all paperwork is completed.

DRAFT

Definitions

Section 1-01.3, Physical Completion Date, is revised to read as follows:

(*****)

Physical Completion Date is the day all of the work is physically completed on the project. All documentation required by the contract and required by law will need to be furnished by the Contractor by this date.

Preparation of Proposal

Section 1-02.6 is supplemented with the following:

(*****)

A minimum bid of ***\$\$1\$\$*** lump sum has been established for the item "Contract Closure Documentation Incentive". The Contractor's bid shall equal or exceed that amount. If the Contractor's bid is less than the minimum specified amount, the Contracting Agency will unilaterally revise the bid amount to the minimum specified amount and recalculate the Contractor's total bid amount. The corrected total bid amount will be used by the Contracting Agency for award purposes and to fix the amount of the contract bond.

(Not to be included with Mobilization special)

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(Not to be included with Mobilization special)

Time for Completion

Section 1-08.5 is supplemented with the following:

(*****)

It is the intent of the Contracting Agency to accept the completed contract and items of work by signature of the Final Contract Voucher Certificate sixty days after Physical Completion has been granted. The Contracting Agency will pay a minimum lump sum incentive amount of *** \$\$1\$\$ *** for all required documentation submitted within the prescribed time-frame as defined in the Special Provisions, Contract Plans, Standard Specifications, Standard Plans, Addenda, change orders and governing laws.

Any proposed extension of time for the required documentation by the Contractor shall be in writing and will require approval from the Engineer. The Engineer will respond in writing to any such request within two business days. Additional working days will not be granted for submittal of required documentation.

Regardless of any documentation time extension, the required project documentation shall be submitted and approved no later than Physical Completion in order to be eligible for the lump sum incentive.

(*****)

1-08.5(4) Measurement

A minimum bid of ***\$\$1\$\$*** lump sum has been established for the item "Contract Closure Documentation Incentive". The Contractor's bid shall equal or exceed that amount. If the Contractor's bid is less than the minimum specified amount, the Contracting Agency will unilaterally revise the bid amount to the minimum specified amount and recalculate the Contractor's total bid amount. The corrected total bid amount will be used by the Contracting Agency for award purposes and to fix the amount of the contract bond.

No specific unit of measurement shall apply to the lump sum item for "Contract Closure Documentation Incentive".

(*****)

1-08.5(5) Payment

Payment will be made in accordance with Section 1-04.1, for the following bid item when it is included in the proposal:

"Contract Closure Documentation Incentive", lump sum.

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(Not to be included with Incentive special provision)

Mobilization

Section 1-09.7 is revised to read as follows:

(*****)

Mobilization consists of preconstruction expenses and the costs of preparatory work and operations and required contract documentation performed by the Contractor which generally occurs before 10 percent of the total original contract amount is earned from other contract items. Required contract documentation is considered to be part of mobilization and shall be submitted within the prescribed time-frame as defined in the Special Provisions, Contract Plans, Standard Specifications, Standard Plans, Addenda, change orders and governing laws. Items which are not to be included in the item of Mobilization include but are not limited to:

1. Any portion of the work covered by the specific contract item or incidental work which is to be included in a contract item or items.
2. Profit, interest on borrowed money, overhead, or management costs.
3. Any costs of mobilizing equipment for force account work.

Based on the lump sum contract price for "Mobilization," partial payments will be made as follows:

1. When 5 percent of the total original contract amount is earned from other contract items, excluding amounts paid for materials on hand, 50 percent of the amount bid for mobilization, or 5 percent of the total original contract amount, whichever is the least, will be paid.
2. When 10 percent of the total original contract amount is earned from other contract items, excluding amounts paid for materials on hand, ***\$\$*** (fill-in range from 90% to 99%) percent of the amount bid for mobilization, will be paid.
3. When all of the required documentation has been received and approved and the physical completion date has been established for the project, 100 percent of the amount bid for mobilization will be paid.

Nothing herein shall be construed to limit or preclude partial payments otherwise provided by the contract.