



**Washington State
Department of Transportation**

Douglas B. MacDonald
Secretary of Transportation

Washington State Ferries
2901 3rd Avenue, Suite 500
Seattle, WA 98121-3014

206-515-3400
TTY: 1-800-833-6388
www.wsdot.wa.gov/ferries

W. Michael Anderson
Assistant Secretary of Marine Operations
Executive Director

DATE: NOVEMBER 6, 2006

TO: INTERESTED PARTIES

**RE: NEW 144 – AUTO FERRIES
DESIGN - BUILD CONTRACT NO. 00-6674**

ADDENDUM NO. 20

This is to inform you of the following updates and changes to the Request for Proposals (RFP) for the above-referenced project:

RFP VOLUME III, PHASE III CONTRACT PROVISIONS
Part III, Design - Build Contract
Article 5, Contract Price
Article 17, Contract Changes

RFP VOLUME IV, TECHNICAL SPECIFICATION
Section 1, General Requirements

All other terms and conditions remain unchanged. All qualified proposers will be required to acknowledge receipt of this Addendum on the Bid Form. All Addenda will become a part of the Contract.

Sincerely,


David H. Humphreys
Vessel Project Engineer
New 144-Auto Ferries Project
Washington State Ferries

Attachment



**ATTACHMENT
TO ADDENDUM NO. 20**

**RFP VOLUME III, PHASE III CONTRACT PROVISIONS
Part III, Design - Build Contract**

Article 5, Contract Price

Article 5.2, Page 21 of 107, beginning at line 31, replace entire Article with:

"5.2. Unless specifically allowed in Article 5.3, the Contractor shall not be entitled to any adjustment in the Contract Price solely due to: (i) inflation or escalation in the cost of labor, materials, equipment or services occurring during the performance of the Contract Work; and/or (ii) any changes in foreign currency exchange rates."

Article 5.3, Page 21 of 107, beginning at line 36, replace entire Article with:

"5.3. Steel and Copper Material Price Escalation

- A. This provision is included in this Contract to provide an adjustment to the Contractor or a credit to WSF to address fluctuations in steel and copper based material costs which may occur over the life of the Project. A cost adjustment, if any, is dependent upon an increase or decrease in the ratio of the Bureau of Labor Statistics - Producer Price Index listed below. Regardless of the actual variations in allowable material costs incurred by the Contractor during the Project, cost adjustments, if any, shall be made solely in accordance with the specified procedures herein. Payment or credit will be made pursuant to a Change Order.
- B. This Article shall only apply to the following material categories: structural steel and steel plate, including stainless steel plate; steel, stainless steel and iron tubing, pipe and fittings (hereinafter "steel based allowable materials") and copper and copper alloy tubing, pipe and fittings; electrical power distribution equipment made predominately of copper, and copper electrical power, lighting, control and data cable (hereinafter "copper based allowable materials"). Cost adjustments shall not be made for any other materials.
- C. WSF will evaluate and determine any increased or decreased payment(s) or credit(s), if any, under this Article as follows.
 - 1. Adjustments, if any, pursuant to this Article may be requested by the Contractor or WSF every 6 month after Notice to Proceed (Adjustment Period). An adjustment shall be on the basis of the total actual lump sum cost of materials incurred by the Contractor for each respective allowable material categories during each respective Adjustment Period excluding

markups of any kind and freight or transportation charges. Within 30 days of the conclusion of each respective Adjustment Period, the Contractor shall submit to WSF a full accounting of the total costs incurred by the contractor for each of the two allowable material categories during the Adjustment Period for which the Contractor seeks an adjustment pursuant to this Article. The Contractor shall also provide such accounting for any Adjustment Period as requested by WSF. Failure to submit such accounting shall be deemed a waiver of the Contractor's right to seek compensation pursuant to this Article for that respective Adjustment Period. Failure to seek an adjustment for any specific Adjustment Period will not effect either Contractor's or WSF's ability to seek an adjustment for later Adjustment Periods. The accounting shall contain certified invoices listed in chronological order and contain a tabulation of quantity, the order date, the date shipped from the manufacturer/supplier, and the price per unit weight (reflecting all deductions for quantity shipments). These invoices shall be subject to audit verification. Any adjustment will be calculated pursuant to the adjustment formula contained in Article 5.3.C.5 below.

2. Any adjustment pursuant to this Article shall be supported by an increase or decrease in U.S. Department of Labor - Bureau of Labor Statistics index entitled "Producers Price Index" The values contained in the PPI are subject to revision 4 months after original publication. The price adjustment for steel based allowable materials shall be a function of the percentage of change of the price index for the commodity item "WPU1017 Steel mill products." The price adjustment for copper based allowable materials shall be a function of the percentage of change of the price index for the commodity item "WPU102403 Copper, alloyed and unalloyed." Seasonally adjusted indices shall not be used. These indices are available on the internet at: the U. S. Bureau of Labor Statistics Producer Price Indexes Home Page: <http://www.bls.gov/ppi/home.htm>. Once on the PPI home page, look under the heading "GET DETAILED PPI STATISTICS," and then under Create Customized Tables," select "Commodity Data" and follow the directions to retrieve the data for either of the designated commodity items producer price indices.
3. No markups of any kind shall be applied to adjustments made pursuant to this Article. The amount of adjustment resulting from this Article represents the MAXIMUM adjustment payable regardless of the difference between the cost incurred by the Contractor for allowable materials and the cost of said allowable materials contained in the Contractor's Bid Price.
4. WSF will review the PPI 4 months after initial publication to ensure that the data has not been revised. If the index used for the value of "Ia" in Article 5.3.C.5 is revised by the BLS, any resulting increase or decrease in

adjustment that may result from this revision will be accounted for in the following Adjustment Period.

5. Adjustment Formulas: Subject to the conditions noted above, cost adjustments made pursuant to this Article shall be calculated solely based on the formula below.

Formula: $A = (Ia - Ib) / Ib * CM$

Definitions:

- A = Allowable material cost adjustment, in lump sum dollars (No markup allowed).
- CM= Cost of respective allowable materials (Steel Based/Copper Based) in lump sum dollars purchased during a respective Adjustment Period.
- Ib= BPS PPI index for base period, i.e. the PPI at the Notice to Proceed Date or the PPI for the 6th month of the prior adjustment period.
- Ia= BLS PPI index established at the end of each respective Adjustment Period (after final US DOL BLS adjustments)

Adjustment Period: A 6 months period starting on the date of Notice to Proceed and ending every 6 months thereafter until delivery of the final vessel.

Example application of formula:

- Ia = 156 (assume December 2007)
- Ib = 145 (assume June 2007)
- CM = \$500,000.00 lump sum steel based allowable materials purchased in Adjustment Period.
- A = $(156 - 145) / 145 * \$500,000.00 = \$37,931.03$

Thus WSF would give a lump sum adjustment of \$37,931.03 to the Contractor for steel based allowable materials purchased for the period June 2007 through December 2007. A similar calculation would be done for copper based allowable materials. In this example the value of Ib for the next Adjustment period would be "156".

Article 5.4, Page 22 of 107, beginning at line 21, insert new Article 5.4:

- "5.4. The Contractor shall be entitled to an equitable adjustment in the Contract Price pursuant to Article 17.4 because of changes in laws, ordinances or regulations, as provided by the following:
- A. Changes in laws, ordinances or regulations within the scope of RCW 39.04.120;
 - B. Changes in taxes on materials incorporated in or consumed for performance of the Contract Work which are imposed by Federal or State Government, or changes in the State Sales Tax, provided that the aggregate amount of all such changes is greater than \$100.00 where:
 - 1. For items included in the original Contract Work, the change takes place after the Bid Due Date; or
 - 2. For items covered by a Change Order, the change takes place after the date on which the Contract or Change Order was executed.
 - C. Changes in laws, ordinances or regulations, or adoption of any new laws ordinances or regulations, which are materially inconsistent with the laws, ordinances or regulations in effect on the Bid Due Date (excluding any such change or new laws, ordinances or regulations which were passed or adopted but not yet effective as of the Phase III Bid Due Date), and which requires a material modification in the Contract Work. WSF shall be entitled to a decrease in the Contract Price for any change in laws ordinances or regulations that reduces the cost of the Contract Work, if and to the extent that the change allows a material modification in the design of the Project resulting in a net cost savings. Notwithstanding the above, the Contractor shall be entitled to Change Orders adjusting the Contract Price under this sub-Article 5.4.C only for cost increases resulting from the aforementioned changes, which in the aggregate exceeds \$50,000. In addition, this provision shall not apply to changes in prevailing wage rates and such changes shall not entitle contractor to an adjustment in the Contract Price.
 - D. Compensation will be made by negotiated Change Order for any changes pursuant to this Article. Compensation will be increased or decreased for the actual dollar amount of changes in Federal or State taxes meeting the requirements of this Article; Provided that the Contractor, if requested by WSF, certify in writing that no amount for any such change in taxes was included in the Initial Price as a contingency reserve or otherwise; and Provided further that the Contractor allow WSF to audit its records to the extent necessary to substantiate any claim for compensation under the provisions of this Article."

Article 17, Contract Changes

Article 17.2, Page 42 of 107, beginning at line 30 through 36, replace the first paragraph of Article with:

"17.2 The Contractor acknowledges and agrees that no increase in the Contract Price or Contract Time is available except in circumstances expressly provided for in the Contract, that with the exception of price escalation adjustments for the cost of steel and copper based materials incurred pursuant to Article 5.3, all price increases shall be available only as provided in this Article, and that the Contractor shall bear full responsibility for the costs of all other changes or revisions to the scope of its work or any other circumstances which may result in added costs or performance time to the Contractor. Matters which are the Contractor's exclusive responsibility include the following:"

Article 17.6, Page 47 of 107, beginning at line 5 through 8, replace the first paragraph of Article with:

"17.6 Unless otherwise specifically agreed by WSF, the amount of any adjustment to the Contract Price on account of any Change Order Work, or of any other increase or decrease in the Contract Price as provided for in the Contract Documents, including any claim under the "Claims" Article, but excluding price escalation adjustments made pursuant to Article 5.3, shall be limited to the following costs and fees:"

Article 17.6.3, Page 48 of 107, beginning at line 20 through 31, replace the entire Article with:

"17.6.3. Vessel Berthing or Drydock Costs. In the event (i) the Contractor is entitled to an adjustment in Contract Time pursuant to the "Extension of Time" Article and compensation for such time extension or delay is otherwise allowed under the Contract Documents; or (ii) additional vessel berthing or drydock days are necessary due solely to events or causes for which WSF is responsible in circumstances that do not result in an adjustment in Contract Time, the Contractor shall be allowed its actual vessel berthing or drydock costs, including the cost of temporary vessel services, calculated on a daily basis, multiplied by the allowed number of days of adjustment in Contract Time or the number of additional berthing or drydock days pursuant to (ii) above, as applicable. In the event the parties are unable to agree on such costs they shall be determined by WSF based upon an audit. The Contractor acknowledges and agrees that the costs allowed under this sub-Article, together with its Fee allowed under 17.6.8, shall fully and completely compensate the Contractor for any and all costs, of any form or nature, relating to, or arising in any manner out of, the time extension or delay."

RFP VOLUME IV, TECHNICAL SPECIFICATION
Section 1, General Requirements

Subsection 1.20.2.3, Service Requirements, Page 1-21, beginning at line 5 through 6, replace entire subsection with:

- "1. Be able to dock unassisted and discharge and load Passengers and Vehicles at the dock facilities currently used by WSF Ferries; provided however, the new Vessels are not required to navigate Keystone Harbor in its existing configuration."

(END)