

COMMON ASSUMPTIONS

FOR USE IN

Cost Risk Assessment (CRA)
and
Cost Estimate Validation Process (CEVP®)

WORKSHOPS

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FOREWORD

Common Assumptions for Risk Based Estimating Cost Estimate Validation Process (CEVP®) and Cost Risk Assessment Workshops

The assumptions presented in this document are intended to help provide a consistent approach to common and recurring issues encountered at CRA/CEVP® workshops. They are *not* intended to replace the sound judgment and wise counsel provided by the workshop participants who have gathered to review the cost and schedule estimates and identify risks and assess uncertainty in the project schedule and cost estimates. At the workshop the cost lead and risk leads (cost risk team), project team and subject matter experts collaborate to provide an independent review of the project and associated time and cost estimates. The review by the independent parties should be prominent and well heard by all present. This is an opportunity for the project team to carefully review their project schedule and cost estimates and have their project information reviewed by external experts.

The assumptions in this document are not to be blindly followed if current information available to the workshop participants warrants otherwise. If additional project specific assumptions are identified they shall be documented in the CEVP® analysis report for the project. Often such information can be captured and treated as a risk for the project.

Assumptions are required to allow completion of CRA and CEVP® workshops within the time allowed and resources available. They have been chosen to produce the best results possible under these constraints. Consequently, results of the CRA and CEVP® workshop process are, in general, limited by these assumptions.

Evaluated risks reflect one “snapshot” of the project at the specific time of the risk assessment. The snapshot is based on the project scope presented by the project team from current plans and available information. This means that: the risk model is based on current best estimates for costs, schedules, risks, and construction phasing and activity sequencing; risk identification depends on the expertise of the project and cost-risk team. The evaluation of the project cost and schedule estimate along with an assessment of risks results in a report that identifies a range for the cost and schedule and a register of the risks. Significant risks are ranked in order of importance based on impact to project cost and/or schedule. This provides the project management team valuable information in their effort to control project costs and schedule and to manage project risks.

A risk event may hold the possibility of a positive or negative effect on a project. A positive potential presents an opportunity to the project and a negative potential poses a threat to the project.

I. Scope Change versus Scope Variations

“scope” terminology	Source: Project Management Institute, PMI PMBOK® GUIDE 2004 3 rd Edition
Term:	Scope – the sum of the <i>products, services and results</i> to be provided as a <i>project</i> (i.e. the Work Breakdown Structure, WBS).
Term:	Scope Change – any change to the <i>project scope</i> . A <i>scope change</i> almost always requires an adjustment to the project <i>cost</i> or <i>schedule</i> .
Term:	Scope Creep – adding features and functionality (<i>project scope</i>) without addressing the effects on time, <i>costs</i> , and <i>resources</i> , or without <i>customer</i> approval.
Term:	Scope Definition [process] – The <i>process</i> of developing a detailed <i>project scope statement</i> as the basis for future project decisions.

- **WSDOT may elect, on its own initiative, to revise the scope** of the project by adding, removing, or revising particular elements of the project. Such items are not risk events. Instead these can be treated as alternative project scenarios or “deltas” to the base assumed project.
- **SCOPE VARIATIONS (some may commonly refer to this as scope creep)** - Uncertain items or events, not entirely within WSDOT’s control, that may cause variations to the scope and hence changes to the schedule and/or budget are considered risks and will be captured as risk events and included in the CRA/CEVP® analysis.

II. Design Criteria (general)

It is assumed project teams utilize current and appropriate design criteria for their projects and that schedules and estimates provided by the project team reflect this.

III. Bridge Seismic Design Criteria

The AASHTO Subcommittee on Bridges and Structures in their July 2007 meeting adopted the 1000 year seismic map for both the LRFD Bridge Design Specifications (force-based design), and the LRFD Guide Specifications for Seismic Design (displacement-based design). The cost increases mentioned above for bridges and walls are estimated to be the same in both cases.

1. Bridge Seismic

A. **Soil Liquefaction Design Criteria:** Existing criteria is provided in the WSDOT Geotechnical manual. Bridge projects in the lowland areas of Western Washington and in Seismic Design category D may be affected by soil liquefaction during seismic events. **Designs for new bridges and the widening of existing bridges must identify the liquefaction risk and estimate the costs of mitigating or resisting soil liquefaction to maintain a stable structure during the seismic event.** The policy defined in WSDOT Geotechnical manual section 6.1.2.2.1 shall be incorporated where an existing bridge is to be widened and liquefiable soil is present. The Lifeline and Earthquake hazard map created by the USGS in 2000 can be used to help identify general areas with the potential of soil liquefaction. A link to the web page is listed below:

<http://wrgis.wr.usgs.gov/docs/wgmt/pacnw/lifeline/map266kb.html>

The cost of bridge projects with liquefiable soils may include soil modification, foundation retrofit, or complete bridge replacement. The assessment of these project specific risks and the importance of the structure must be addressed by Geotechnical and Structural Engineers.

- **New LRFD Guide Specifications for Seismic Bridge Design** shall be used for all bridge designs beginning January 2008. Maps of the horizontal spectral response acceleration are presented in LRFD Guide Specifications for Seismic Bridge Design figures 3.4.1-2 through 3.4.1-4.

Cost increases for each seismic design categories are assumed to be:

- Bridges located in Seismic Design Category A will have no increase in the structures costs.
- Bridges located in Seismic Design Category B shall be evaluated for cost increases on a case by case basis by the Bridge and Structures Office.
- Cost increases associated with the implementation of the new LRFD Guide Specifications for Seismic Bridge Design are estimated to be 5% for bridges in Design Categories C and D.

2. Wall Seismic

New LRFD Guide Specifications for Seismic Bridge Design shall be used for all wall designs beginning January 2008.

Cost increases associated with the implementation of the new LRFD Guide Specifications for walls are estimated to be 5% for walls in Design Categories A and B, and 15% for walls in Design Categories C and D.

IV. Inflation Rate Information & Market Conditions

NOTE: Project teams need to insure their base estimates are current and reflect current prices at the time of the workshop. (Be aware overall prices jumped up nearly 20% in 2005 and more for some key items).

Helpful resources can be found at:

<http://www.wsdot.wa.gov/EESC/Design/projectdev/AdReady/BidTabsProProgram.htm>

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

<http://www.wsdot.wa.gov/biz/construction/constructioncosts.cfm>

inflation - ¹A persistent tendency for prices and money wages to increase. Inflation is measured by the proportional changes over time in some appropriate price index...; ²an increase in the volume of money and credit relative to available goods and services resulting in a continuing rise in the general price level.

¹A Dictionary of Economics. John Black. Oxford University Press, 2002. Oxford University Press. St. Martin's Univ.

²Merriam-Webster/online

THE FOLLOWING COST INDICES ARE PROVIDED BY THE WSDOT STRATEGIC PLANNING & PROGRAMMING - SYSTEMS ANALYSIS & PROGRAM DEVELOPMENT OFFICE

CONSTRUCTION Cost Inflation: Costs for all project construction activities, excluding ROW acquisition, will be inflated according to the Construction Cost Index (CCI) values found at the following web site: <http://wwwi.wsdot.wa.gov/ppsc/pgmmgt/cpms/fields/ci.txt>

RIGHT-OF-WAY Cost Inflation: ROW acquisition will be inflated according to the R/W Cost Index tables provided at the following web site:

<http://wwwi.wsdot.wa.gov/ppsc/pgmmgt/cpms/fields/RW.INFL.TXT>

PRELIMINARY ENGINEERING (PE) Inflation: PE costs will be inflated according to the PE Cost Index tables provided by WSDOT; these values are available at the following web site: <http://wwwi.wsdot.wa.gov/ppsc/pgmmgt/cpms/fields/PE.INFL.TXT>

market forces (aka market conditions) - ¹Market forces are the supply and demand factors which determine prices and quantities in a market economy; ²the available supply of or potential demand for specified goods or services <the labor market> d : the area of economic activity in which buyers and sellers come together and the forces of supply and demand affect prices <producing goods for market rather than for consumption>

¹A Dictionary of Economics. John Black. Oxford University Press, 2002. Oxford University Press. St. Martin's Univ.

²Merriam-Webster/online

DISCUSSION on MARKET FORCES (aka market conditions): market forces are changes in supply and/or changes in demand for materials, equipment, or labor that cause relatively short-term cost and/or schedule variations. Market forces are treated as risk events in the workshop and the probability and impacts are elicited in the CRA/CEVP® workshop. Examples of market forces might include: "availability of skilled labor is tight due to high demand for their skills"; "supply of steel is low because of high demand in multiple markets therefore market forces are causing a temporary upswing in steel prices"; "the number of bidders is expected to be low therefore the competition for the work is reduced"; "the type, size, and/or 'packaging' of the work is anticipated to influence bids and/or the number of bidders"; "influences of timing of advertisement on bidders and their responses".

CONSTRUCTION: Market Condition Risks

□ Number of Bidders and associated uncertainty in overall bid amount

Data provided from the WSDOT Construction Office indicates that as the number of bidders is reduced bid amounts tend to increase. Typically with four or more bidders the effect on the bid amount is negligible. To capture this effect, workshops need to consider to what extent the reduction below the normal number of bidders will influence the bid amount. A reasonable range of impact is: a 0% to 8% increase over engineer’s estimate for construction. The probability of the occurrence of this risk will be determined during the workshop. The project team must explain why they feel their project will be subject to a “non-competitive” bidding environment. In addition, as part of the workshop process, strategies for enhancing the bidding environment in order to attract more bidders must be discussed and identified as a mitigation strategy for this risk. Common mitigation strategies include: timing of the AD and work packaging

Phase	PE	R/W	Construction Cost Estimate Risk	
Reduced Number of Bidders	n/a	n/a	Impact +0% to +8%	Probability Determine at workshop

□ Other Market Condition Risks for Construction

¹Other market conditions are typically reflected in the risks captured through the risk elicitation process. Project teams wishing to capture additional market condition risks beyond that described above must justify why they think their project is subject to additional market condition risks. A well documented explanation describing what makes their project susceptible to additional market condition risks must be provided. Sources for characterization of the risk (probability and consequences) must be clearly stated.

RIGHT-OF-WAY: Market Condition Risks

GUIDANCE: Real estate markets are best characterized by those familiar with the geographic area. In consideration of this fact, subject matter experts such as: region real estate services and region right-of-way staff, and/or others considered knowledgeable about real estate markets in and around the project area should be elicited. These subject matter experts can provide input regarding the cost of right-of-way and uncertainty associated with the real estate market in the geographic area of the project. Issues to consider include: ZONING and SPECULATION.

PRELIMINARY ENGINEERING: Market Condition Risks

GUIDANCE: In general, risks related to Preliminary Engineering (PE) adequately reflect market conditions. Occasionally there may be concern regarding availability of skilled labor which can be discussed in the workshop if necessary. If it can be shown that project specific market condition risks for PE need to be captured they must be clearly identified and documented. Sources for characterization of the risk (probability and consequences) must be clearly stated, along with why this project has this risk when other projects do not.

¹ Caution needs to be exercised regarding Market Conditions. While the Risk Lead must be thorough in making sure to capture uncertainty and risk he must also guard against the potential of double-counting. The analysis must clearly document what is being used and why.

V. Design-Build (DB) vs. Design-Bid-Build (DBB)

To date DB vs. DBB decision is being made project by project. Project directors are expected to discuss the overall contracting approach with their regional administrator and final approval must to come from John Conrad.

Workshop general guidance is as follows: With regard to added or reduced cost expectations resulting from going to a Design-Build look at categorizing the risks that you are asking the design-builder to assume, then estimate the cost.

VI. Fuel Price Inflation

It is assumed the CCI table accounts for fuel price inflation. It is assumed that no additional risk factor is needed to address fuel prices. (Also see RTID assumptions)

APPENDIX A: Instructional Letter 4071.00

INSTRUCTIONAL LETTER IL 4071.00
July 13, 2007

New Inflation and Market Conditions Applied to Base Estimates

New Policy Statement:

This new Instructional Letter provides guidance to region management, project managers, and project teams in applying inflation rates and determining market condition risks on all department construction projects. In addition, data requirements for the Capital Program Management System (CPMS) are identified. It is available on line at <http://wwwi.wsdot.wa.gov/docs/OperatingRulesProcedures/4071.pdf>.

Inform Employees:

Within your organization, please e-mail the intranet address for this Policy Statement to employees. Please provide alternative formats to employees who do not have access to e-mail or the intranet. WSDOT Publications are on line at <http://wwwi.wsdot.wa.gov/docs> .



Transmittal Number PT 07-032	Date July 13, 2007
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Commission Administrator 47308
 Secretary of Transportation 47316
 Chief of Staff 47316
 Assistant Secretary, Eng. & Reg. Operations 47316
 Assistant Secretary, Finance & Administration 47400
 Chief, Accounting Services 47400
 Director, Administrative Services 47408
 Director, Audit Office 47320
 Director, Aviation Division TB25
 Director, Budget 47422
 Director, Communications 47322
 Director, Environmental & Engineering Programs 47323
 Director, Equal Opportunity Office 47314
 Director, Freight Systems 47370
 Director, Governmental Relations 47318
 Director, Highways and Local Programs 47390
 Director, Human Resources Office 47310
 Director, Information Technology 47430
 Director, Maintenance and Operations Programs 47350
 Director, Project Control and Reporting 47325

Director, Research 47372
 Director, Strategic Planning and Programming 47373
 Director, Public Transportation 47387
 Director, Public-Private Partnerships 47395
 Director, Urban Corridors NB82-95
 Director, Washington State Ferries TB32
 Manager, Risk Management 47418
 Manager, State Rail and Marine 47407
 Manager, Sound Transit Program NB82-95
 Ombudsman 47322
 Planner, Continuity of Operations Planner 47408
 Region Administrator, Eastern Region
 Region Administrator, North Central Region
 Region Administrator, Northwest Region NB82-132
 Region Administrator, Olympic Region 47440
 Region Administrator, South Central Region
 Region Administrator, Southwest Region S15
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 State Auditor 40046
 FHWA 40943

Publication Title <i>Inflation and Market Conditions Applied to Base Estimates</i>	Publication Number IL 4071.00
Originating Organization Environmental and Engineering Programs Engineering and Regional Operations Division	

Remarks and Instructions

New Policy Statement

This new Instructional Letter, *Inflation and Market Conditions Applied to Base Estimates*, provides guidance to region management, project managers, and project teams in applying inflation rates and determining market condition risks on all Washington State Department of Transportation construction projects. In addition, data requirements for the Capital Program Management System (CPMS) are identified.

Please Keep Employees Informed

Please consider your organization's need to inform employees that this document is available and online. Department policies are available on the intranet at <http://wwi.wsdot.wa.gov/docs/>.

For More Information

For more information, please contact the Cost Risk Estimating Management Office at (360) 705-7452 or visit their Web site at: www.wsdot.wa.gov/Projects/ProjectMgmt/RiskAssessment/.

Distributed By Lynn Hicks, Manager Administrative and Engineering Publications	Phone Number 360-705-7433	Signature
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/s/ John F. Conrad
Assistant Secretary
Engineering and Regional Operations

Inflation and Market Conditions Applied to Base Estimates

I. Introduction

A. Purpose:

This Instructional Letter provides guidance to region management, project managers, and project teams in applying inflation rates and determining market condition risks on all Washington State Department of Transportation construction projects. Guidelines for the use and reporting of Cost Estimated Validation Process (CEVP[®]) and Cost Risk Assessment (CRA) are included. In addition, data requirements for the Capital Program Management System (CPMS) are identified.

This Instructional Letter supports the principles and practices outlined in [Project Management Executive Order E 1032.00](#), dated July 1, 2005. Good cost estimating practices consider all factors such as keeping estimates current and up to date, as well as considering specialty services and/or proprietary items.

B. Background

In 2006, the Director of Environmental and Engineering Programs and the State Construction Engineer formed a team to address concerns about statewide treatment of inflation and market conditions. The team was tasked with developing recommendations for consistent treatment of inflation and market condition risks in CEVP[®] and CRA efforts in state construction projects. A secondary task was to develop recommendations for the use and reporting of CEVP[®] and CRA results. The team's recommendations take effect with the approval of this Instructional Letter.

C. Term

This Instructional Letter remains in effect for one year, or until rescinded in writing.

II. Rules

This Instructional Letter implements the following rules as recommended by the team:

A. Inflation and Market Conditions

1. Inflation Rates

Inflation rates for construction, right of way, and preliminary engineering to inflate Current Year (CY) Dollars to Year of Expenditure (YOE) Dollars must be estimated using CPMS inflation rate tables.

2. Market Conditions

Market conditions for a project may be influenced by several factors. The following factors must be documented and mitigation strategies proposed when preparing cost estimates if the project team determines the market condition is applicable to their project.

a. Bidding Environment and other Construction Market Conditions

- 1) Bidding environment refers to how the number of potential bidders for a project will impact the estimate for construction. The project team must document whether the project will be subject to a “non-competitive” bidding environment and develop mitigation strategies for this risk.

Current, up to date information regarding bidding environment and market conditions is located at: <http://www.wsdot.wa.gov/Projects/ProjectMgmt/RiskAssessment/workshop.htm>. The document, [*Common Assumptions*](#), contains this information.

- 2) Other market condition risks for construction are to be captured through the risk elicitation process. A well documented explanation must be provided that describes why the project is subject to additional market condition risks. Potential response strategies to mitigate these risks must be provided.

b. Right of Way Market Condition Risks

Right of way market condition risks must be obtained from subject matter experts in real estate services. The project team must document information that affects the project including

right of way, zoning, speculation, and other market condition risks that may be obtained from a variety of sources such as real estate services or planning. Comparable recent real estate transactions must be a primary source of right-of-way cost data.

c. Preliminary Engineering (PE) Market Condition risks

Preliminary engineering (PE) market condition risks must be identified and documented. Sources for characterization of the risk must be clearly stated in the documentation describing why this project is at risk (i.e., availability of skilled labor or specialty professional services).

B. Use and Reporting of CEVP®/CRA Results

Project teams must use 90 percent as the default percentile for reporting CEVP® and CRA results. Exceptions to this requirement must use the following approval process (see Attachment A):

1. Projects with an Executive Oversight Committee (EOC)
 - a. The Project Manager presents the results of the CEVP to the EOC along with a recommendation including supporting information on the confidence level to be included in management plans and budget.
 - b. The Secretary's Office makes final decisions.
2. Projects without an EOC:
 - a. Project managers will report the results of the CEVP® or CRA to region executive management and provide supporting information on the confidence level to be included in management plans and budgets.
 - b. Region executive management will decide what dollar amount to use for final decision making.

C. Documentation Requirements

Documentation needed to support the proposed budget level shall include:

1. A summary of the current base estimate.
2. A description of each significant risk or opportunity that has been identified, including potential impacts to the project cost and schedules.

3. A developed plan for managing each identified significant risk or opportunity.

D. Exceptions

Any exceptions to the above rules must undergo a Change Management Review process for approval by the Assistant Secretary for Engineering and Regional Operations.

E. CPMS Data Requirements

Project teams must provide specific data to the region program management office for inclusion into CPMS and the Transportation Executive Information System (TEIS). The required data is:

1. Project scheduling data for the following milestone dates:
 - Project definition completion date
 - Date for the beginning of preliminary engineering
 - Completion date for the environmental document
 - Start date for the acquisition of right of way
 - Date of right of way certification
 - Project advertisement date
 - Date project is operationally complete (substantially complete)
2. Estimated Project Cost Data (in Current Year Dollars, CY\$)
 - Date of estimate basis (i.e., “2007 \$”)
 - Design cost estimate
 - Right of way cost estimate
 - Construction cost estimate
3. CPMS will be modified to calculate the midpoint for construction phases using the project award date and the operationally complete date.

III. Contact Information

For information regarding this Instruction Letter, contact the Cost Risk Estimating Management Office at (360) 705-7452 or visit their Web site at: www.wsdot.wa.gov/Projects/ProjectMgmt/RiskAssessment/

IV. Definitions and References

A. Definitions

Inflation: *A Dictionary of Economics* defines inflation as a persistent tendency for prices and money wages to increase. Inflation is measured by the proportional changes over time in some appropriate price index. *Merriam-Webster* defines inflation as an increase in the volume of money and credit relative to available goods and services resulting in a continuing rise in the general price level.

Market Conditions: For the purposes of this Instructional Letter, market conditions are defined as the consequence of supply and demand factors which determine prices and quantities in a market economy and are separate from inflation. Market conditions may include competitive environments during bidding and contracting; the labor market; resource availability, etc.

CEVP[®]: Cost Estimated Validation Process. The process used to review cost estimates and assess risks for projects estimated to be over \$100 million.

CRA: Cost Risk Assessment. A Workshop Process used to review cost estimates and assess risks for projects estimated to cost \$25 million to \$100 million.

B. References

Project Management Online Guide

<http://www.wsdot.wa.gov/Projects/ProjectMgmt/>

WSDOT Guidelines for CRA CEVP Workshops

<http://www.wsdot.wa.gov/Projects/ProjectMgmt/RiskAssessment/workshop.htm>

Project Estimate Basis Form

<http://www.wsdot.wa.gov/Projects/ProjectMgmt/RiskAssessment/workshop.htm>

CPMS Construction Inflation Table

<http://wwi.wsdot.wa.gov/ppsc/pgmmgt/cpms/fields/cci.txt>

CPMS Right of Way Inflation Table

<http://wwi.wsdot.wa.gov/ppsc/pgmmgt/cpms/fields/RW.infl.txt>

CPMS Preliminary Engineering Inflation Table

<http://wwi.wsdot.wa.gov/ppsc/pgmmgt/cpms/fields/pe.infl.txt>

Common Assumptions

<http://www.wsdot.wa.gov/Projects/ProjectMgmt/RiskAssessment/workshop.htm>

Proposed Statement on Inflation Rates

See [Attachment B](#), Statement on Inflation Rates

[Attachment A](#), Flowchart of the Approval Process for Using a Percentile Less Than 90 Percent

Available Training

Introduction to Cost Estimating – Course Code CZV

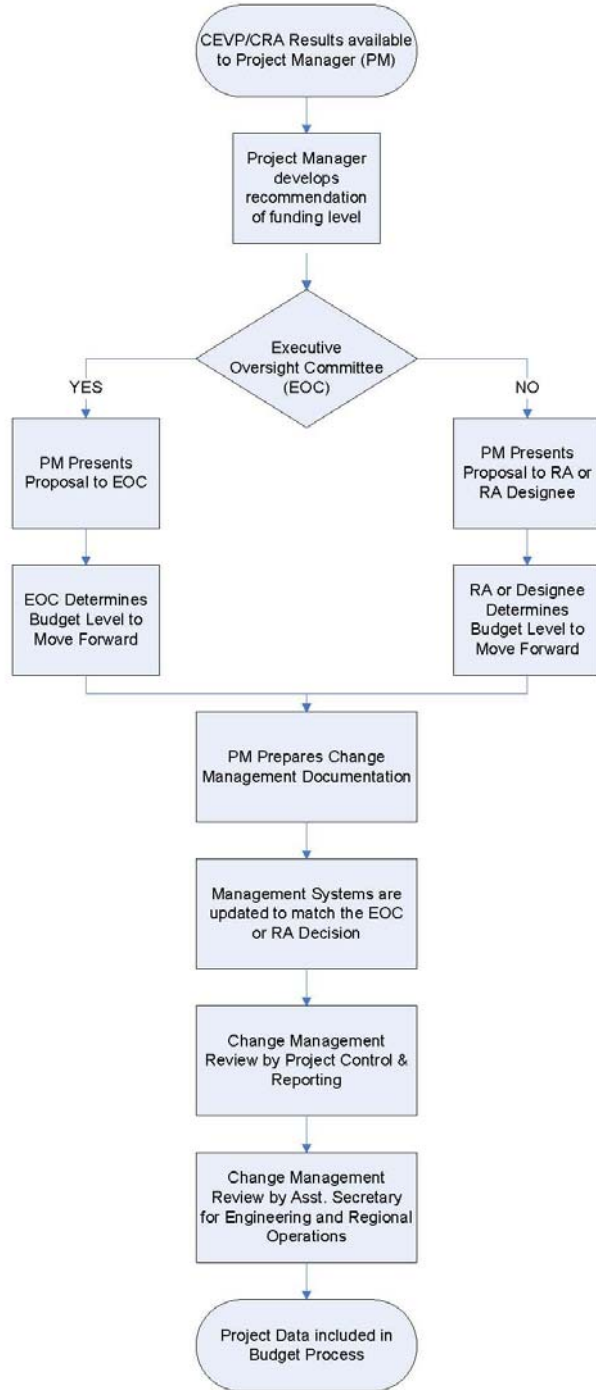


Americans with Disabilities Act (ADA) Information

Materials can be provided in alternative formats for people with disabilities by calling:

- Office of Equal Opportunity (OEO) at (360) 705-7097.
- Persons who are deaf, hard of hearing, or speech disabled may contact OEO through the Washington Relay Service at 7-1-1.

Approval Process for Using a Percentile Less Than 90 Percent



**Washington State Department of Transportation
Statement on Inflation Rates**

WSDOT requires the use of CPMS inflation tables posted at the time of the estimate. The projections in the inflation tables are provided by Global Insights and are to be used to forecast Year of Expenditure (YOE) costs. Global Insights is recognized as a leader in economic financial analysis and forecasting. Their forecasts are employed by governmental agencies and private companies around the world.

The Statewide Programming Office receives project estimates in Current Year (CY) Dollars and inflates project estimates to YOE using the inflation tables posted in CPMS. Model forecasts prepared following CRA and CEVP workshops will also use the CPMS inflation tables. It is important that the most current CPMS tables are used and the date of these tables well documented.

It is not within the scope of activity for project estimators or the participants at CRA and CEVP workshops to unilaterally establish inflation forecasts. Therefore, the discussion of inflation and uncertainty is not an effective use of time at CRA and CEVP workshops. The responsibility of inflation rates rests with the Statewide Programming Office and the rates to be used are those posted in CPMS at the time of the estimate.

Liberal use of market condition risks creating a "range" of inflation rates is not to be used. Workshops need not discuss inflation rates and should focus on areas of respective expertise for the project.

APPENDIX B: Information Sources for Estimating

Sources for guidance on estimating common/recurring items

Bridge Design Manual (Ch. 12, Appendix 12-A)

<http://www.wsdot.wa.gov/fasc/EngineeringPublications/BDMSections.htm>

EBASE (Estimates and Bid Analysis System)

<http://www.wsdot.wa.gov/EESC/Design/projectdev/AdReady/EBASE.htm>

Oman Systems BidTabs Professional (see your IT to setup)

<http://www.wsdot.wa.gov/EESC/Design/projectdev/AdReady/BidTabsPro.htm>

WSDOT Project Bid Results and Contract Awards

<http://www.wsdot.wa.gov/biz/contaa/BIDSTATS/>

APPENDIX C: HISTORICAL REFERENCE OF OTHER ITEMS

Dept. of Ecology Hauling of Material Regulations: to be determined

This is in response to the new Dept. of Ecology recent rule clarification that defines clean fill as material where all tested contaminants have a concentration less than average background levels. This rule clarification requires that all handled material be tested. It also clarifies that all material that exceeds background concentration in any tested contaminate be considered hazardous and handled according to hazardous material guidelines. *(Last revised Nov-2004, check with project office and appropriate specialty group(s) to identify the latest information)*

UCO Projects (Urban Corridors Office)

Project funding: Project funding is available July 2008 and is unconstrained other than a cap of \$400 million per year per project unless using other revenue sources. No constrained funding scenarios will be simulated. The cost analysis should include all funding resources. *(Last revised Apr-2006)*

Previous	Project funding: Project funding is available July 2007 and is unconstrained other than a cap of \$400 million per year per project unless using other revenue sources. No constrained funding scenarios will be simulated. The cost analysis should include all funding resources. <i>(Nov-2004)</i>
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RTID (Regional Transportation Improvement District)

Overhead Costs

Overhead will be held to no more than \$10 million/year, which for the next two biennia, without RTID, will be around 6%. If there are additional revenue sources to share in the cost of the overhead the rate will go down. *(Last revised Nov-2004, check with project office for latest information).*

RTID (RTID revenue is assumed to become available July 1, 2008.)

The \$400m per yr cap is from RTID. If you supplement with tolling, you could go higher, but \$400m per yr is a pretty high level of activity. It might be better to spread into other years, if you can and if the amt is significantly above \$400m. *(Last revised April-2006, check with project office - for latest information).*
SR 520: Meredith, Julie; Wornell, Greg; Smith, Helena Kennedy

ARCHIVE INFO

Vote is scheduled to be held 2006-November and is assumed affirmative. No alternative affirmative vote scenarios will be simulated.

Prior project costs/previous expenditures: (e.g., through March 01, 2004) Included in all results reported as "total" project costs.

- Whether RTID will reimburse projects for cost incurred prior to July 2007 is still unresolved as of 2004-November-17. Cost incurred by projects before that date should therefore be tracked separately, in addition to being included in total cost estimate. These pre-RTID costs and the related activities vary by project.
- Fuel price inflation: Some RTID projects with high percentage of cost from asphalt may include a specific risk item for fuel or other material price increases.
(Last revised Nov-2004, check with project office for latest information).

AWV (Alaskan Way Viaduct)

Steel prices/sourcing: AWV Recommendation – Do not include potential steel price increases as a separate risk item. Risk considered to be addressed under market conditions risk (which was set at 10% of base for AWV). The team felt addressing this material as a separate risk would be a reactionary response to the current construction industry atmosphere. Did not address sourcing as a separate risk issue either.

Market conditions: Set at 10% of base for Alaskan Way Viaduct (AWV).

Homeland Security Costs: *To be determined* AWV Recommendation – Due to the ambiguous and unknown ramifications associated with this issue no cost or schedule risk was assigned.
(Last revised Nov-2004, check with AWV project office for latest information).