

Expert Review Panel Recommendations: WSDOT Response

Agenda Topics

- Planning project implementation
- Strengthening and updating cost estimates
- Attending to project financing plans and strategies

Expert Review Panel Recommendations: WSDOT Response

WSDOT

- Douglas B. MacDonald, Secretary of Transportation
- David L. Dye, Administrator, Urban Corridors Office
- Ron Paananen, Alaskan Way Viaduct Project Director
- John Milton, SR 520 Project Director

Expert Review Panel

- Jane Garvey, Chair (by phone)
- William Edgerton, P.E.
- Lee Baker, P.E.
- Rod Brown, J.D.

Expert Review Panel Recommendations: WSDOT Response

Commitment to Implementation Plan Action Recommendations

- Full constructability review at 15% design and another update of cost estimates to assure aggressive cost management
- “Early contractor involvement” and risk-sharing contract procedures developed with prospective contractors
- Continuous “value engineering” to develop savings
- Strengthened inter-agency coordination to assist permit processes, tribal consultation and traffic and construction period planning
- Permit procedural steps should be expedited
- Waivers from over-strict federal traffic design standards where cost savings can be safely achieved
- “Earned value” project financial and management control systems needed now for both projects

Expert Review Panel Recommendations: WSDOT Response

Updating of Cost Estimates

- Expert Review Panel supports WSDOT's overall cost estimate approach but offers suggestions and concerns.
 - Some cost elements may be optimistic
 - Cost ranges in WSDOT's process may be too narrow for early stages of project design
 - National and worldwide construction inflation recent results and trends are steeper than WSDOT's historic experience
- Revisions will stretch high ranges higher, but further project development should achieve project at a mid-range of likely or "real case" costs.

Expert Review Panel Recommendations: WSDOT Response

Reevaluation Process: Cost Estimates

- Expert Review Panel members have worked in recent weeks with WSDOT for initial development of estimate revisions.
- All project options remain on the table. This cost information serves to assist public decision process.
- We know both projects have to be done. The Expert Review Panel and everybody else say the worst enemy of cost control is delay in making decisions.

All the Revised Estimate Numbers on One Page

Alaskan Way Viaduct		Range	SR 520 Bridge		
Core Tunnel	Core Elevated Structure		4-Lane with Montlake Interchange	6-Lane with Montlake Interchange	6-Lane with Pacific Interchange
\$3.56 billion	\$2.20 billion	Low	\$2.04 billion	\$2.84 billion	\$3.34 billion
\$4.63 billion	\$2.82 billion	Likely	\$2.79 billion	\$3.90 billion	\$4.38 billion
\$5.54 billion	\$3.34 billion	High	\$3.47 billion	\$4.87 billion	\$5.34 billion

Definitions of Ranges

“Low” means that the estimated cost is much on the low side because risks have been very narrowly defined. There is a strong prospect that risks will emerge beyond this level, causing the project as a result to cost more than this amount.

“Likely” means that the estimated cost is likely to be this amount because risks have been moderately defined. There is a strong prospect that assumed level of risks will emerge, causing the project as a result to cost close to this amount.

“High” means that the estimated cost is much on the high side because risks have been very broadly defined. There is a strong prospect that not all risks will emerge, causing the project as a result to cost less than this amount.

Alaskan Way Viaduct Cost Estimate Reevaluation

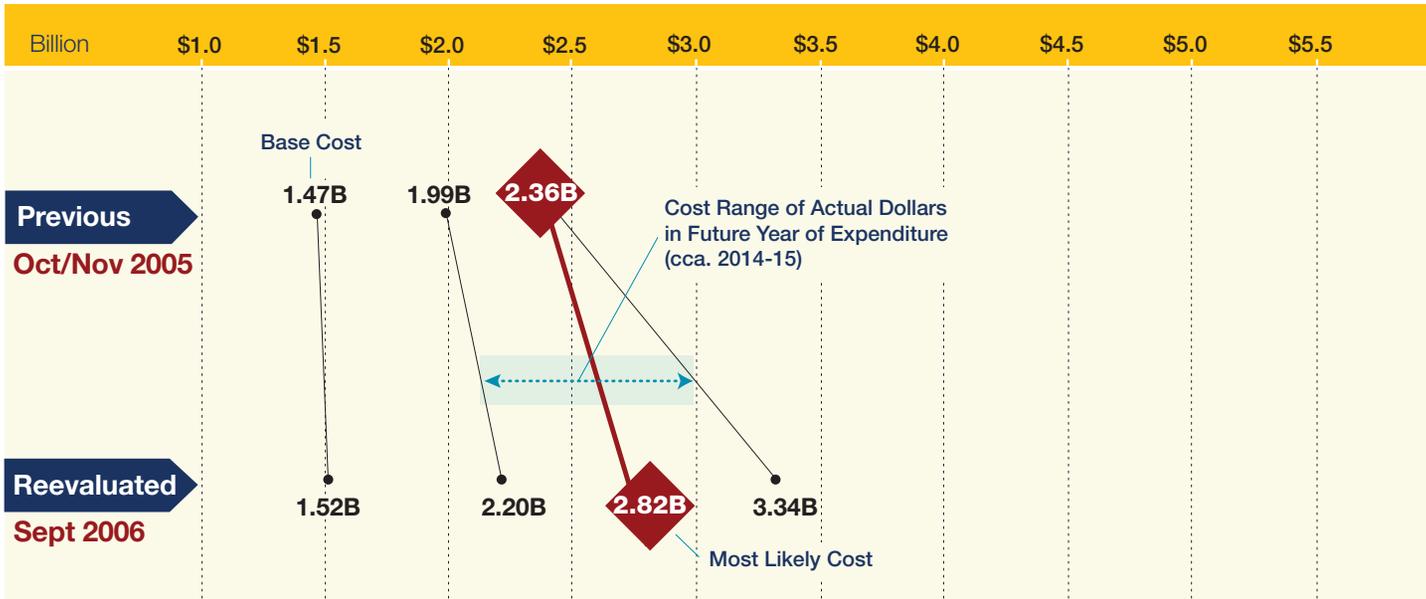
Core Elevated Structure

September 20, 2006



Reasons for Cost Changes

- Increased Cost of Key Materials & Labor - up to \$550M
 - Steel } Base - \$250M
 - Concrete }
 - Copper }
 - Energy }
 - Additional Materials & Labor - \$300M
- High Inflation - up to \$355M
 - Rate Change - \$205M
 - Variability - \$150M
- Market Uncertainty - up to \$130M
 - Bidding Climate - \$130M
- Other Risks - up to \$145M
- Scope Changes - up to (\$200M)
 - Smaller South End Design
 - Retrofit between Pine and BST
 - Elimination of Broad St. Detour
 - Only Fire/Life Safety Improvements to BST



Key Assumptions

- Funding is Available when Needed
- Timely Decision on Selecting Project Option
- No Lengthy Litigation or Project Delays

Managing Project Cost

- Provide Timely and Accurate Information to Support Decision Making
- Conduct Value Engineering and Constructability Reviews
- Engage Construction Industry Early and Pursue Innovative Contracting
- Develop Permitting Strategy
- Manage Project Scope and Schedule

Alaskan Way Viaduct Cost Estimate Reevaluation

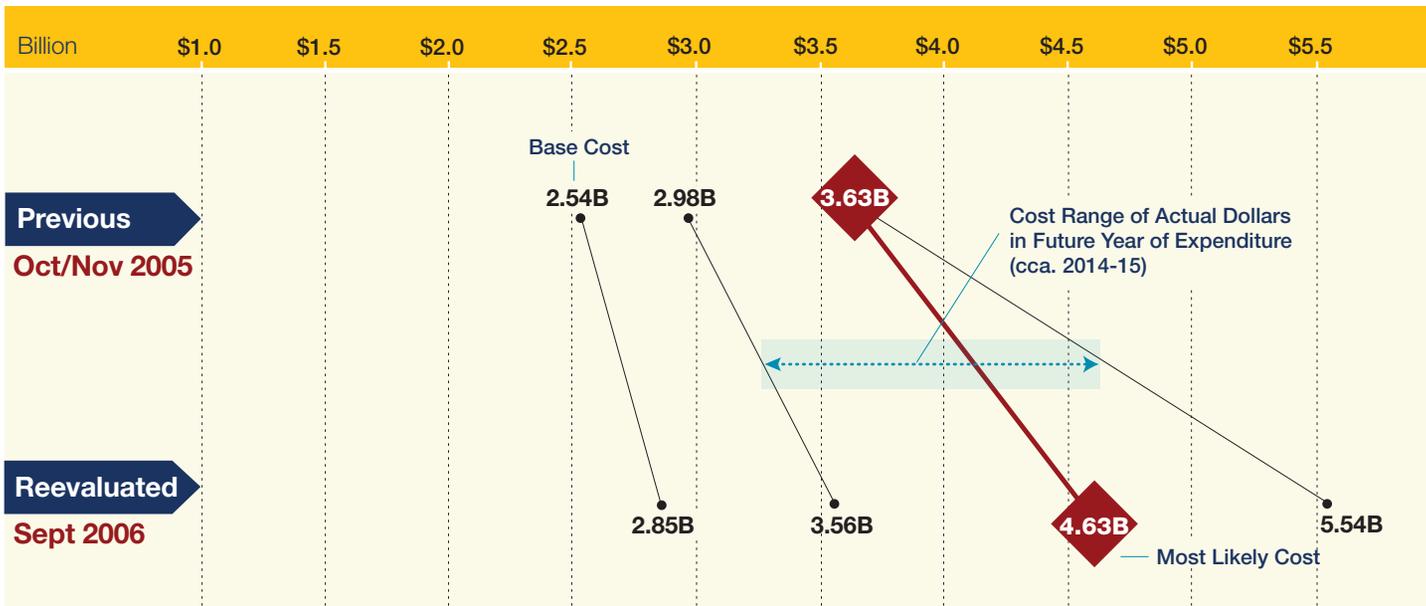
Core Tunnel

September 20, 2006



Reasons for Cost Changes

- Increased Cost of Key Materials & Labor - up to \$860M
 - Steel } Base - \$290M
 - Concrete }
 - Copper }
 - Energy }
 - Additional Materials & Labor - \$570M
- High Inflation - up to \$650M
 - Rate Change - \$330M
 - Variability - \$280M
 - Schedule Delay - \$40M
- Market Uncertainty - up to \$240M
 - Bidding Climate - \$240M
- Other Risks - up to \$140M
- Scope Changes - up to \$20M
 - Under Western/Elliott
 - Pike Place Market Lid



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SR 520 Cost Estimate Reevaluation

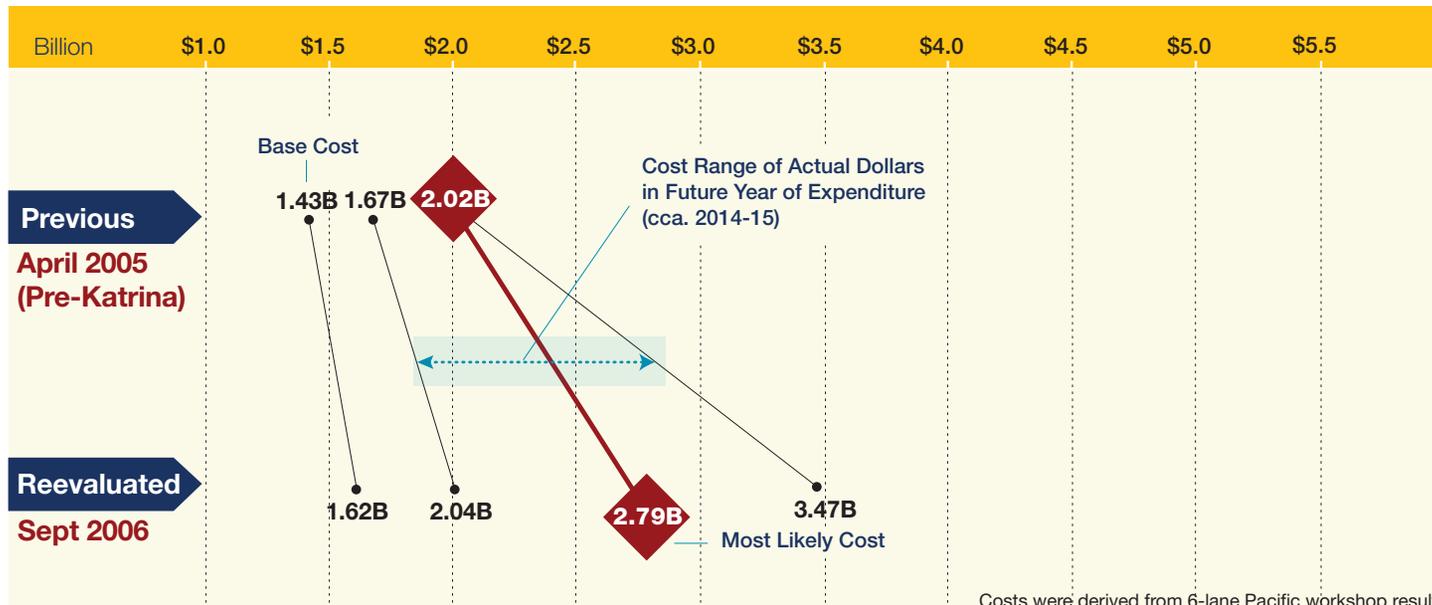
4-Lane Alternative

September 20, 2006



Reasons for Cost Changes

- Increased Cost of Key Materials & Labor - up to \$495M
 - Steel
 - Concrete
 - Copper
 - Energy
 - Additional Materials & Labor - \$305M
- High Inflation - up to \$350M
 - Rate Change - \$160M
 - Variability - \$190
- Market Uncertainty - up to \$145M
 - Bidding Climate - \$145
- Other Risks - up to \$140M
- Scope Changes - up to \$320M
 - Stormwater Treatment
 - ESA Requirements
 - Seismic Criteria
 - Cultural and Historic Requirements



Key Assumptions

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- Some Mitigation not Included

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SR 520 Cost Estimate Reevaluation

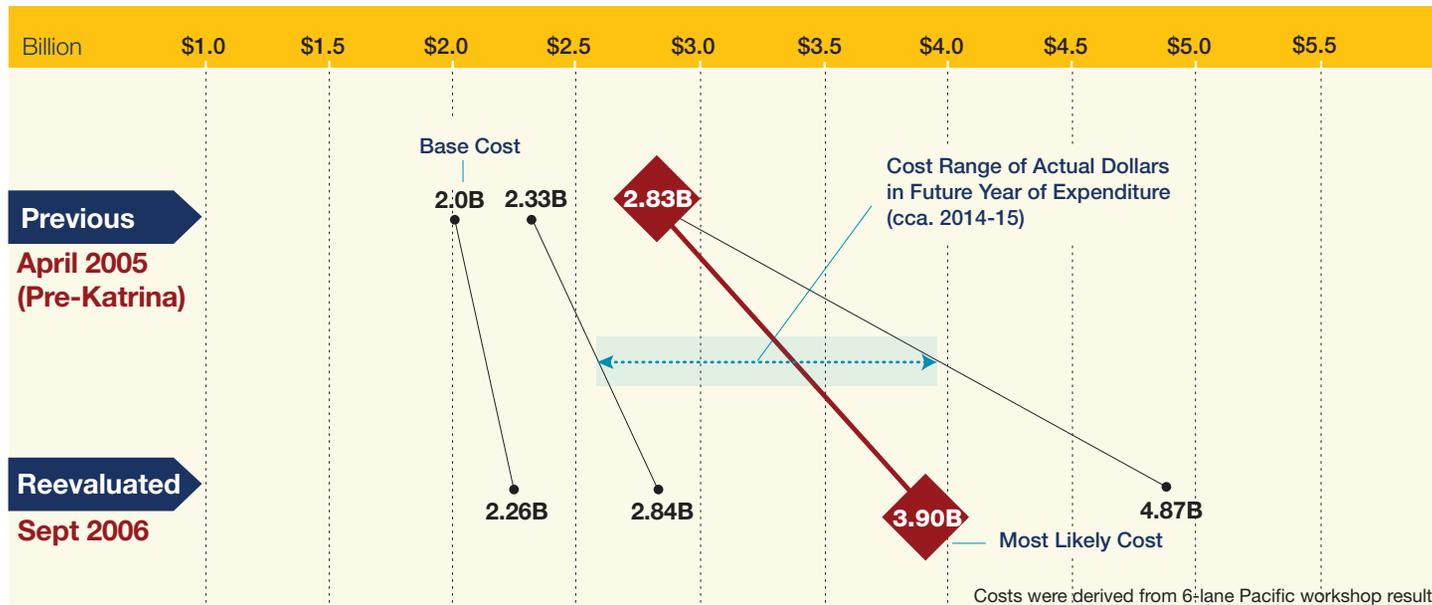
6-Lane Alternative with Montlake Interchange

September 20, 2006



Reasons for Cost Changes

- Increased Cost of Key Materials & Labor - up to \$690M
 - Steel } Base - \$260M
 - Concrete }
 - Copper }
 - Energy }
 - Additional Materials & Labor - \$430M
- High Inflation - up to \$480M
 - Rate Change - \$220M
 - Variability - \$260
- Market Uncertainty - up to \$205M
 - Bidding Climate - \$205
- Other Risks - up to \$215M
- Scope Changes - up to \$450M
 - Stormwater Treatment
 - ESA Requirements
 - Seismic Criteria
 - Cultural and Historic Requirements



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SR 520 Cost Estimate Reevaluation

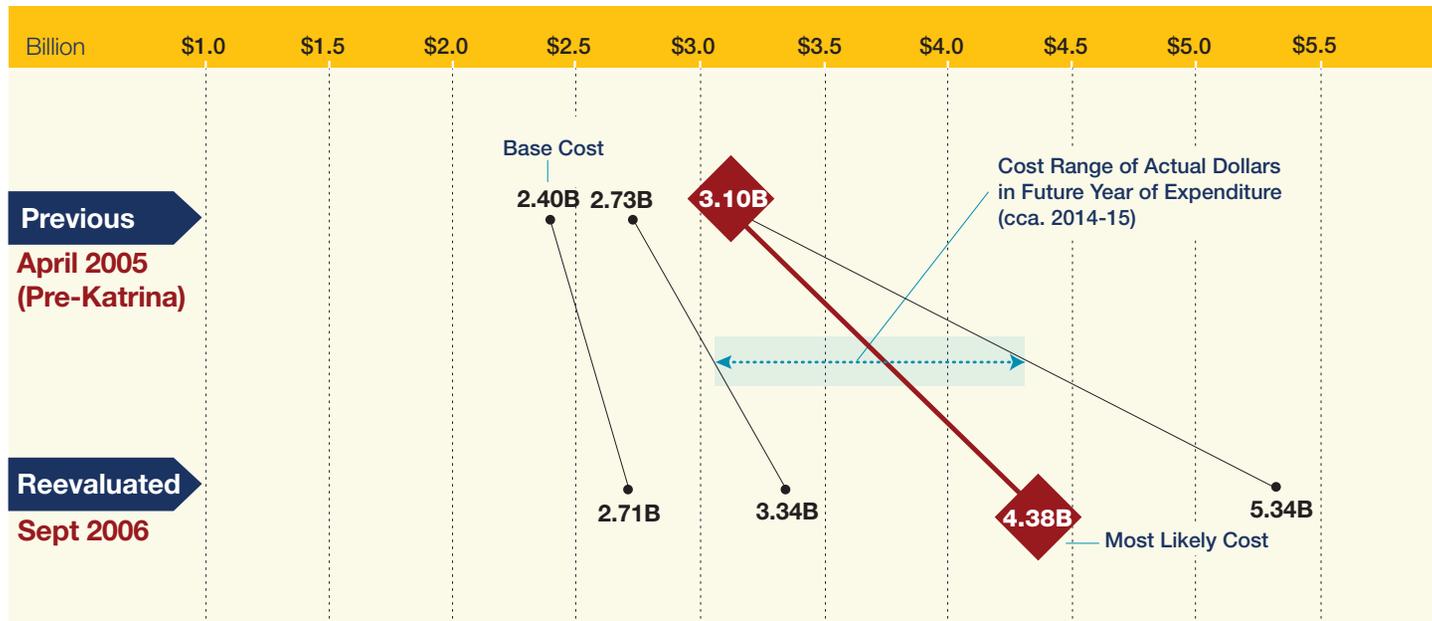
6-Lane Alternative with Pacific Interchange

September 20, 2006



Reasons for Cost Changes

- Increased Cost of Key Materials & Labor - up to \$780M
 - Steel
 - Concrete
 - Copper
 - Energy
 - Additional Materials & Labor - \$470M
- High Inflation - up to \$540M
 - Rate Change - \$240M
 - Variability - \$300
- Market Uncertainty - up to \$220M
 - Bidding Climate - \$220
- Other Risks - up to \$200M
- Scope Changes - up to \$500M
 - Stormwater Treatment
 - ESA Requirements
 - Seismic Criteria
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Intensive Attention to Financing Plans

- WSDOT is intensifying review of financing plans on SR 520 including partnerships, user charge and financing programs developed in other states and countries.
- WSDOT will continue to work with Seattle on funding, finance and revenue options to support Seattle's decision process on Viaduct replacement programs.