



August 16, 2013

To: Julie Meredith  
SR 520 Program Director

From: Lynn Peterson  
Secretary of Transportation

Subject: SR 520 Update

Thank you for the update on the SR 520 Program reserve budget. I share your concern about the potential future expenditures from the reserve fund that could result in the program exceeding its funded budget. Extra steps are needed now to ensure we are managing the contract and change order negotiations to address the potential for cost overruns.

With that in mind, please complete the following activities and report back to me monthly and when there are further changes to estimates for potential change orders:

- Review all remaining construction work activities to assess and estimate any remaining risk items that may be WSDOT's responsibility.
- Review and update project risk registers, and bring in subject matter experts if necessary to assist with the review.
- Update and model the cost trends using the updated risk registers.
- Continue exploring financing implications and sensitivity analysis with WSDOT's Chief Financial Officer and the Office of the State Treasurer.
- Review planned expenditures within the currently funded program to assess whether there are any potential cost savings that could be realized.
- Continue to engage senior, experienced management and consulting staff in the assessment and negotiation of future change orders.