Dear Legislators, Commissioners, and Staff:

Julie Meredith, SR 520 Program Director, wanted to make sure you know about an upcoming story on KOMO TV 4 related to the SR 520 Pontoon Construction Project in Aberdeen.

On Tuesday, Jan. 29, WSDOT's State Construction Engineer Jeff Carpenter was interviewed at the Aberdeen casting basin by KOMO TV investigative reporter Tracy Vedder. KOMO is expected to run a story this week or early next week—possibly as early as this evening.

Attached are two documents related to the story:

1. PDF of Responses to Reporter
2. PDF of Financial Report and Explanation

In addition, you will find attached a PDF of photos from the Aberdeen pontoon site tour on Jan. 29.

In addition to the topics addressed in the attached responses, we also expect that the story will include topics such as these below. WSDOT's responses given to the reporter at the construction site are also summarized below:

1) **Status of cycle 2 pontoons.** Reporter has heard that there is more cracking in cycle 2 than in cycle 1**.**

   WSDOT responded that construction work is still under way, so we have much more work to do before we can make thorough comparisons between cycles 1 and 2. In general however, we are seeing much less cracking overall in cycle 2, and minimal structural cracking. Crews are doing their due diligence to identify any and all cracks, and repair them per the contract requirements. There will likely be TV footage showing non-structural cracks (those under 6/1000 of an inch) that have been repaired with crystalline waterproofing—as approved in the contract.

2) **The cost of change orders for the pontoon repairs and delays.** Reporter said she heard that change orders will come to $200 million for pontoon issues.

   WSDOT responded that no change orders have been submitted or processed and that negotiations are under way. NOTE: We are correcting this with reporter to confirm that a $500,000 change order was completed to allow KGM to conduct the dive inspections on Lake Washington.

3) **Cycle 1 pontoons on Lake Washington.** Reporter asked about a report that contractor Kiewit/General/Manson (KGM) has commissioned from independent consultant Ben. C. Gerwick, Inc. regarding repair options for cycle 1 pontoons on Lake Washington. Reporter also asked what the report said about hook bars and joining pontoons on the lake.

   WSDOT responded that the Gerwick report would be transmitted to KGM and then to WSDOT when it is complete; therefore, WSDOT does not yet have the report and can't comment on the findings. WSDOT also said that the hook bar issue has been resolved and is unrelated to joining pontoons on Lake Washington.

4) **Repairs to Cycle 1.** Reporter asked why WSDOT would consider transverse post-tensioning of SR 520 pontoons if that type of tensioning had not been used with I-90 or Hood Canal Bridge pontoons.

   WSDOT responded that WSDOT did use transverse post-tensioning on Hood Canal Bridge pontoons. This is one of the repair and design options being considered at this time for SR 520 pontoons.

Next Steps:

- WSDOT briefed the House Transportation Committee last week, and will brief the Senate Transportation Committee next week. We also are happy to provide any individual briefings to legislators as requested.
- In mid- to late February, WSDOT will provide an overall pontoon and floating bridge update to legislators and the media with updates from its Expert Review Panel as well as updates on pontoon design and construction.
- Attached is a photo slide show from the Aberdeen construction site that we will post to the WSDOT Flickr site today. We wanted you to have a chance to see these photos first.

WSDOT COMBINED RESPONSE TO TRACY VEDDER
January 31, 2013

Tracy,

Below you will find a compilation of all of the emails that you have sent to the Washington State Department of Transportation since Jan. 23, 2013. We want you to know that your questions are important to us, and we are taking the appropriate time to ensure our responses to you are presented in the proper context and are accurate based on available current information.

We've pulled several statements and questions from your emails below in italics. Below are responses to those statements and questions that we believe provide a thorough response.

COST QUESTIONS

1) TRACY VEDDER (1/30):
Here's what we're interpreting from the documents we DO have:

That risks associated with the Cycle 1 pontoon problems as of early September are in excess of $40 million dollars. We assume that since more issues have arisen since then that that number has grown. In August, the Pontoon Contract and reserve report indicated a negative balance in the reserve or contingency fund of just under $20 million dollars.

WSDOT RESPONSE:
It appears from your question that you are referencing the August 13, 2012 Contract Summary Report, specific to the Pontoon Construction Project. This report shows a negative $19,908,810. This does not indicate a project budget deficit. It indicates that the project is currently trending to exceed a constrained cost target set by management as a management tool. It is an indicator to senior management that there are project issues that will need to be managed closely. The actual budgets for contingencies and reserves are controlled by program management and not the individual project teams.

Through WSDOT's Cost Estimate Validation Process (CEVP), the SR 520 Program established a risk reserve. The risk reserve, project contingencies, and project savings total $250 million in available reserves for the entire SR 520 program. Of that, approximately $50 million has been spent in executed change orders, which provides approximately $200 million remaining in reserves.

Since you asked about change orders related to the pontoons or floating bridge when we were touring the Aberdeen construction site on Jan. 29, we wanted to confirm that we have executed one change order related to pontoon repairs to the Floating Bridge and Landings contractor for

underwater inspection and repair design for $500,000. This is the only change order executed to date related to pontoon repairs and/or delays.

We also sent the attached document to you on Jan. 30 that provides more background on the contract summary report.

2) TRACY VEDDER (1/30):
I know I've asked this question before but I'm going to try again – has WSDOT identified any kind of projected overall cost – and/or a cost to taxpayers – from the repairs, re-designs, retrofits – for the pontoons.

I heard Sec. Hammond tell the House Transportation Committee last week that WSDOT now believes that the problems are predominantly a result of a design flaw for which the state is responsible. With that I think it's important to taxpayers and views to have at least some idea of what the anticipated costs will be.

WSDOT RESPONSE:
As we have mentioned since these issues first arose in spring 2012, WSDOT will be working directly with the design-build contractors for the pontoon and floating bridge projects to evaluate responsibility and assignment of costs within the two projects. This will be a complicated negotiation process. As stewards of taxpayer funds, we simply cannot publically assign any costs until negotiations are complete.

As you noted, Secretary Hammond explained to the House Transportation Committee last week that there are likely design issues for which WSDOT is responsible, and will therefore hold responsibility for cost and schedule issues that have arisen from the design flaw. But WSDOT will be persistent in our negotiations with the contractor to ensure that they are held responsible appropriately for any issues that can be attributed to the construction as opposed to the design.

Secretary Hammond also told the House Transportation Committee that further work is under way by the Expert Review Panel to assess the structural integrity of the pontoons, and to analyze how this design flaw occurred within the WSDOT design system. An update is expected in February.

GERWICK REPORT

3) TRACY VEDDER (1/28):
Could you have a copy of the Gerwivk (sic)Marine report that we can look at?

WSDOT RESPONSE:

As we mentioned by email response and in person in Aberdeen, Ben C. Gerwick Inc. is a sub-contractor to Kiewit/General/Manson, A Joint Venture, and submits all deliverables directly to KGM.

We will receive the final report from KGM when it is complete. We have not received it at this time.

PRECAST PANELS AND WALLS

4) TRACY VEDDER (1/28):
Last November Steve Pierce said that at that time WSDOT and Kiewit had rejected a total of nine of the interior precast panels for cycle two. What is that number now and have there been any other cast-in-place or poured-in-place walls or segments of walls that have been torn down or rejected because of cracking or for any other reason?

WSDOT RESPONSE:
This is the current list of precast panels rejected by Kiewit-General on the project as part of their Quality Control process:

- 6/15/12: 3 Cycle 2 panels rejected due to excessive cracking
- 7/18/12: 6 Cycle 2 panels rejected due to duct not being installed within tolerance
- 10/8/12: 1 Cycle 3 panel rejected due to excessive cracking

The nine panels in Cycle 2 were reported publicly on Nov. 21, and there has been just one more panel from Cycle 3 rejected by Kiewit-General. No other precast panels or cast-in-place walls have been rejected or removed.

INTERVIEW REQUESTS

5) *TRACY VEDDER (1/23, 1/24, 1/28, 1/29):*
(1/23): I am going over a number of documents that appear to have some kind of budgeting information regarding the 520 Program. Is there someone who can go over these with me to make sure I accurately understand what they represent?

(1/24): Also, are you available for an interview to talk about transparency issues within WSDOT and some of the issues you apparently have in regard to my reporting? NOTE: SENT THIS TO STEVE PIERCE ONLY.

(1/28): As a follow up to my email earlier today we would also like to come out to Aberdeen tomorrow to look at the cycle 2 pontoons so we could just do the interview with whoever then. You can plan on us being there about 11:30. Thank you.

(1/28): We would like to talk to someone about the current construction, we understand there is still significant cracking now with the cycle 2 pontoons, and we want to talk to someone about the plan to deal with that. Additionally, we'd like someone to address the repair plan for the pontoons already out on Lake Washington.

Again, we plan to be in Aberdeen between 11:30 and 12 tomorrow.

(1/30): I am re-requesting an interview with someone in WSDOT management to address the budget and transparency issues I first asked about last week.

WSDOT RESPONSE:
We received multiple requests for interviews, from Jan. 23 through Jan. 30. By Tuesday, Jan. 29, we were able to accommodate your request for a site tour and interview at the construction site in Aberdeen. WSDOT's statewide construction engineer, plus project staff and communications staff were able to accommodate your request to tour the busy pontoon construction site and conduct an interview on a range of topics.

In the meantime, we have also been gathering additional data and developing responses to your inquiries. Based on your interview request on Jan. 30, we are considering options for an additional interview.

EMAILS RECEIVED FROM TRACY VEDDER SINCE JAN. 23, 2013

#1

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Wednesday, January 23, 2013 10:43 AM
To: Pierce, Steve; Pelley, Suanne (Consultant)
Subject: KOMO Question

Good Morning Steve and Suanne,

I am going over a number of documents that appear to have some kind of budgeting information regarding the 520 Program. Is there someone who can go over these with me to make sure I accurately understand what they represent?

They're basically contract summary documents for the different segments of the 520 program (Pontoons, FB&L and Eastside Corridor). Jon Danks is the person who reviewed and submitted the pontoon one so he may be the best person to explain the items and acronyms I'm seeing.

#2

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Thursday, January 24, 2013 9:54 AM
To: Pierce, Steve
Subject: RE: KOMO Question

Sure – I think it was from the very first PDR – 12-1499 but it's probably more helpful to you if I actually name the document it says Contract summary at the top and talks about reserves. Maybe I will just take a photo of it and send you an attachment. Give me a couple minutes and I'll send it along. Also, are you available for an interview to talk about transparency issues within WSDOT and some of the issues you apparently have in regard to my reporting?

#3

On Jan 28, 2013, at 10:34 AM, "Vedder, Tracy" <TracyV@komotv.com> wrote:

Good Morning.

It's been several days with no response from WSDOT regarding my
request for an interview. I have now come into sone additional information regarding construction questions and the 520 pontoons so it makes more sense for an on-camera interview with someone who has knowledge of that - perhaps Mark Gaines or Jeff Carpenter? We really

need to have someone to talk to by tomorrow. We will happily go to either Olympia or Aberdeen whichever is easiest but we do need to have this addressed as soon as possible.
Tracy Vedder

#4

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Monday, January 28, 2013 1:41 PM
To: Vedder, Tracy
Cc: Pierce, Steve; Pelley, Suanne (Consultant); Sarah Garza
Subject: Re: KOMO interview

As a follow up to my email earlier today we would also like to come out to Aberdeen tomorrow to look at the cycle 2 pontoons so we could just do
the interview with whoever then. You can plan on us being there about
11:30. Thank you.
Tracy Vedder

#5

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Monday, January 28, 2013 2:50 PM
To: Pelley, Suanne (Consultant)
Cc: Pierce, Steve; Garza, Sarah
Subject: RE: KOMO interview

HI Suanne,

Yes - I would like to talk to someone about the document I sent you and how to interpret it correctly. If needs be we could probably get those questions answered with a phone call.

We would like to go out to Aberdeen and take a look at the cycle 2 pontoons - my understanding is that the top decks have all been poured? We would like to talk to someone about the current construction, we understand there is still significant cracking now with the cycle 2 pontoons, and we want to talk to someone about the plan to deal with that. Additionally, we'd like someone to address the repair plan for the pontoons already out on Lake Washington.

Again, we plan to be in Aberdeen between 11:30 and 12 tomorrow.

#6

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Monday, January 28, 2013 4:55 PM
To: Pelley, Suanne (Consultant)
Subject: RE: KOMO interview

Suanne,

Could you have a copy of the Gerwivk Marine report that we can look at?

#7

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Tuesday, January 29, 2013 4:55 PM
To: Pelley, Suanne (Consultant)
Cc: Pierce, Steve; Tracy Vedder; Sarah Garza
Subject: Cycle two question

Hi Suanne. Thanks again for making yourself and Jeff Carpenter available today.
One quick follow-up: last November Steve Pierce said that at that time WSDOT and Kiewit had rejected a total of nine of the interior precast panels for cycle two. What is that number now and have there been any other cast-in-place or poured-in-place walls or segments of walls that have been torn down or rejected because of cracking or for any other reason?
Thanks. Tracy Vedder.

#8

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Wednesday, January 30, 2013 1:03 PM
To: Pelley, Suanne (Consultant); Pierce, Steve
Cc: Vedder, Tracy; Garza, Sarah; curtis.king@leg.wa.gov; judy.clibborn@leg.wa.gov
Subject: Still waiting for info: KOMO TV

We are still waiting for someone to talk with us regarding the document I sent over last week. I have been trying for a week now to get someone to talk to me about these budget issues with no response. A phone call would be best but it seemed yesterday that you didn't want anyone to have a phone conversation so…

Here's what we're interpreting from the documents we DO have:

That risks associated with the Cycle 1 pontoon problems as of early September are in excess of $40 million dollars. We assume that since more issues have arisen since then that that number has grown. In August, the Pontoon Contract and reserve report indicated a negative balance in the reserve or contingency fund of just under $20 million dollars.

Both these sets of numbers indicate that the Pontoon Construction Project's Contingency fund has already been exhausted and the cost of repairs, redesigns and retrofits for the pontoons is already well beyond what was initially planned.

If this is not accurate, I need to know quickly as we are working on deadline. Again, I had hoped to have these questions answered last week which is why I contacted you then.

#9

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Wednesday, January 30, 2013 1:45 PM
To: Pelley, Suanne (Consultant)
Cc: Vedder, Tracy; Garza, Sarah; curtis.king@leg.wa.gov; judy.clibborn@leg.wa.gov
Subject: RE: Still waiting for info: KOMO TV

I am re-including the legislators as I think it will be helpful to keep them in the loop regarding our reporting on this issue.

The explanation you sent me basically confirmed the numbers I mentioned below – that as of early September , the Pontoon Construction Project was looking at costs in excess of $40 million for design changes and repairs to pontoons, and that the contingency fund allocated to the PCP was already $20 million in negative territory. If you gain any further information I would appreciate it.

#10

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Wednesday, January 30, 2013 1:49 PM
To: Pelley, Suanne (Consultant); Pierce, Steve
Cc: Garza, Sarah; Vedder, Tracy
Subject: Interviews?

Hello Suanne,

I am re-requesting an interview with someone in WSDOT management to address the budget and transparency issues I first asked about last week.

#11

From: Vedder, Tracy [mailto:TracyV@komotv.com]
Sent: Wednesday, January 30, 2013 2:06 PM
To: Pelley, Suanne (Consultant)
Cc: Garza, Sarah; Vedder, Tracy
Subject: COST IDENTIFIED

I know I've asked this question before but I'm going to try again – has WSDOT identified any kind of projected overall cost – and/or a cost to taxpayers – from the repairs, re-designs, retrofits – for the pontoons.

I heard Sec. Hammond tell the House Transportation Committee last week that WSDOT now believes that the problems are predominantly a result of a design flaw for which the state is responsible. With that I think it's important to taxpayers and views to have at least some idea of what the anticipated costs will be.

Washington State Department of Transportation

SR 520 Bridge Replacement and HOV Program

Period:	July 30 - Aug 10, 2012	**Date:**	8/13/2012
Project:	Pontoon	**Meeting No:**	015
Design-Builder:	Kiewit - General	**Contract Number:**	007826

Contract Summary	Current	Last Period	Variance
Base Contract	$367,330,000	$367,330,000	$0
Executed CO's	$11,692,940	$11,692,940	$0
Current Contract	$379,022,940	$379,022,940	$0
Potential	$35,217,500	$25,457,500	$9,760,000
Pending COs	$338,000	$88,000	$250,000
Subtotal	$35,555,500	$25,545,500	$10,010,000
Total Expected Value	$414,578,440	$404,568,440	$10,010,000

Reserves	Current	Change Orders	In Progress	Remaining
2011 CEVP Risk	$10,000,000	$11,692,940	$35,555,500	
Contingency	$12,339,630			
Program Funds	$5,000,000			
Total	**$27,339,630**	**$11,692,940**	**$35,555,500**	**-$19,908,810**

PCRC Proposed Agenda:	Issue CO#	Cost (ROM)	Project*	Time (Critical Path at PCP)
• Schedule Update - TIA Stop Work PT Duct Heads	-	-	FB&L	-
• Update Schedule As-Built Process	-	-		-
• Design Revisons Cycles 2-5	TBD	$20M	FB&L	60
• Update Exterior Pontoon Wall Quality/Crack Repair/Waterproofing	83	$1M	FB&L	30d
• Update PT / Spall Repairs Pontoon - Cycle 1 TIA/Entitilement	86	$10 - $15M	FB&L	45d
• Stop Work Order PT Duct Heads	TBD		FB&L	
• Update Tribal Coordination		$500K		-
• Contract Interpretation of "CHANGE"				-
• Cycle 1 Issues (Approach and Need for Engineering)				
• PCP Change Authority				-
• PCP Issues/Changes				
Misc Changes for Conflicts, etc	Many	$100K		-
• Update FB&L Coordination Issues	-	-		-
Work Agreements with KG/KGM/FB&L/Bridge Office	Many	0^	FB&L	TBD
Lessons Learned Work Agreements				
Transfer Process	TBD	TBD	FB&L	TBD
As-Built Turnover to KGM - Segment Acceptance (RFIs/WA's)	TBD	TBD	FB&L	TBD
~~Coordinated Work Process~~	~~58~~	~~0~~	~~FB&L~~	-
Cycle Milestones / LDs - September 11	58	0	FB&L	-
Cycle 1 Clear All CO	58	0	FB&L	-

PCRC Proposed Agenda will be based on discussion from the Construction Trend Meeting. Agenda items may include any emerging issue or risk thought to be over $200k in value, have the potential to impact other projects or the project schedule. All costs are Rough Order of Magnitude (ROM). Time is not included in ROM costs. Sales tax is not included in any costs noted above. *Denotes potential impacts to other projects. Costs above only include changes to the Design Build contract and do not include other change costs due to third party, ROW or other sources. ^FB&L costs not included.

Reviewed BY:

Jon Danks	Business Manager	8/13/2012
Name	Title	Date

RESPONSE : PCRC Report

1/28/13

Key Points

- This is an internal, bi-weekly report prepared project staff;
- Estimates of cost and schedule impacts are best professional judgment at the time of the report, and are not supported by detailed quantitative analysis;
- Risk and contingency reserves listed do not reflect the entire program risk and contingency reserves for the program. They only reflect those amounts currently assigned to the specific project reported (in other words, we have additional reserves at the program level to cover the negative balance listed on this report).

Summary

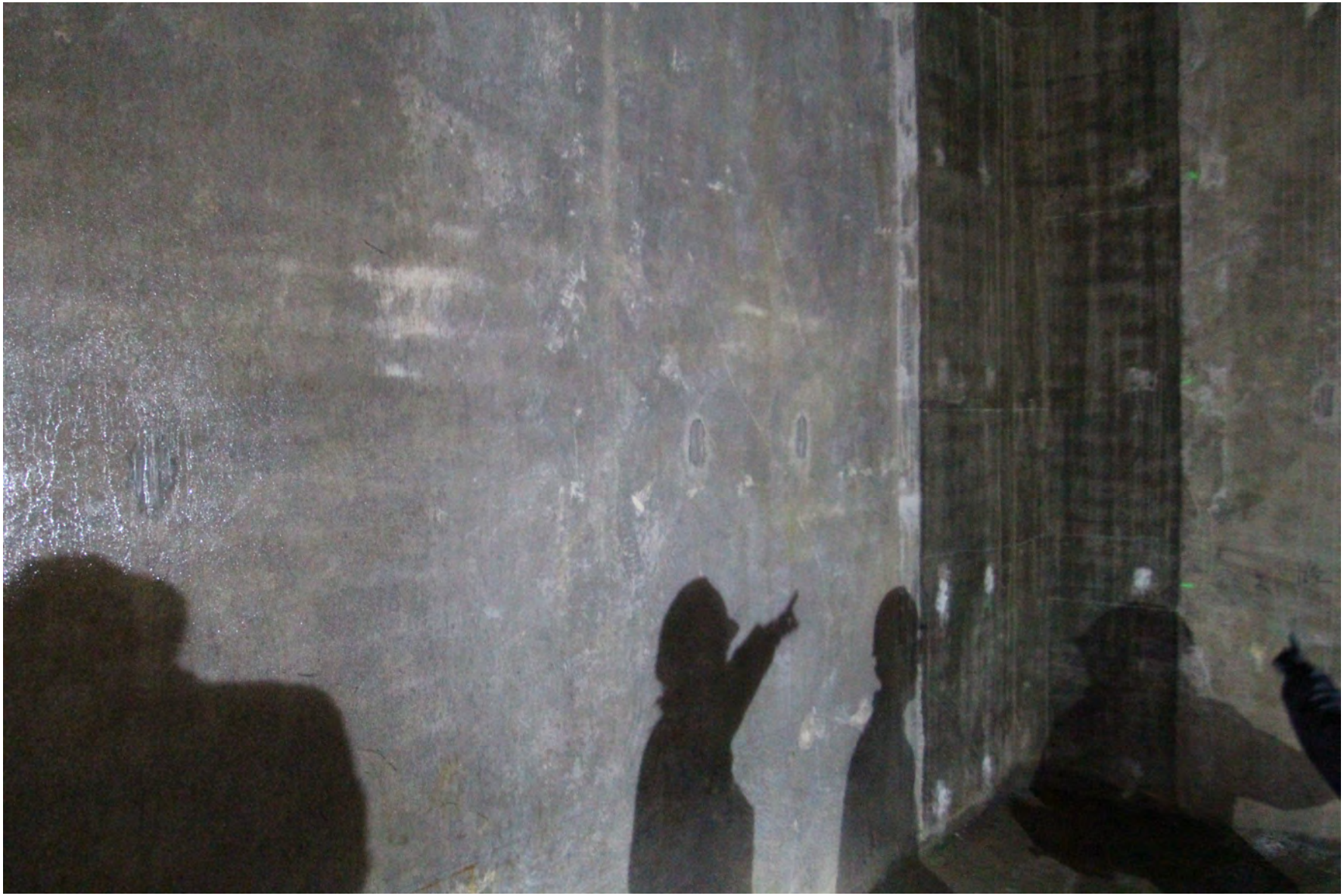
This serves to explain the purpose and use of an SR 520 Bridge Replacement and HOV Program report containing contract summary cost information and estimated costs of various issues and potential contract changes. These reports are produced bi-weekly by each of the three design-build contact teams (Pontoon Construction Project, Eastside HOV and Transit Project, and Floating Bridge and Landings Project). These reports are intended to facilitate discussion at bi-weekly Program Change Review Committee (PCRC) meetings between senior program managers and the individual project managers. The status of construction items and issues which may affect the project cost and/or schedule are discussed at these meetings. The reports also serve to illuminate items that may have an effect on other projects.

The first third of the report provides a snapshot of the current contract value (Base Contract price plus the value of executed changes). It also reports the variance or change in contract value from the previous report. The middle section details reserve and contingency funds currently assigned to an individual project. The bottom half of the report lists current and potential issues that are being managed by the project team. This section also provides the project team's current estimate of the cost and schedule impact of that issue. As these are emergent issues that have not yet been resolved with the design-build contractor, the cost and schedule information provided on the reports is intended for internal WSDOT use as a means to judge the relative impact of a particular issue and to develop appropriate strategies to mitigate the risk or take advantage of an opportunity. Estimates of cost and time impacts are rough order of magnitude based on the judgment of project teams and are not supported with quantitative analysis as the issues are emerging and have not been fully developed into change order development.

Acronyms: COs: Change Orders; CEVP: Cost Estimate Validation Process; ROM: Rough Order of Magnitude; PT: Post-tensioning; TIA: Time Impact Analysis; PCP: Pontoon Construction Project; TBD: To be Determined; RFI: Request for Information;

The casting basin was buzzing with activity on Jan. 29, 2013. In this photo, concrete crews pour concrete that will form the top slab of a pontoon that will be part of the floating foundation of the new SR 520 bridge.

Television camera crews capture the progress to the second cycle of pontoons being built in Aberdeen. Photo taken during a WSDOT-led media tour Jan 29, 2013.



WSDOT engineers led media through the pontoons under construction in Aberdeen on Jan. 29, 2013. This photo shows the inside of a 360-foot-long longitudinal pontoon.

View of an internal compartment of a Cycle 2 pontoon under construction in Aberdeen. You can see crystalline waterproofing that has been brushed over non-structural cracks that are less than 6/1000s of an inch. Photo taken Jan. 29, 2013.

The pontoon casting facility in Aberdeen was bustling with activity during a top slab pour on Jan. 29, 2013.