Washington State
Department of Transportation

Memorandum

Date: July 17, 2017

To: Craig McDaniels/Marco Foster
HQ Construction, MS 47354

Thru: Marylou Nebergall/Dave Ziegler
O.R. Operations, MS 47440

From: Michele Britton, Port Orchard P.E.O.
360-874-3000

Subject: C 8677, SR 104
Hood Canal Bridge—Anchor Cable Replacement
F.A. Project No.NHPP-0104(053)
CO #027—Clear All Settlement

Requested Action:
- Review
- Review and Region Execution
- Review and HQ Execution

- Change Approval Date: Michele Britton, PE (6/27/17); Marylou Nebergall, OR (6/20/17); Craig McDaniels, HQ (6/20/17)

Description of the Change
This change order provides compensation to settle all protests and claims presented by Manson Construction Company (MCC). Specifically, this settlement will satisfy claims submitted for a Changed Condition regarding the Spilt Guide Bushings replaced in 2015 and for added work performed on Anchor Cables AS, AN, ES, FN, MN, L1N, and L2S in August and September 2016.

Evolution of the Change
MCC claimed, in serial letter SL-014, that the existing split guide bushings for anchors AS and BN differed materially from what shown in the contract, and this contributed to the extra work and time required to remove them. WSDOT did not acknowledge a changed condition via serial letter SF15-193. After several meetings and correspondence, the parties agreed to submit the issue to a Disputes Review Board (DRB). The DRB found that the added work to remove all the split-guide bushing constituted a changed condition and an equitable adjustment for MCC is warranted.

The contract required a final inspection report of all the cables on the west half of the bridge. The report documented damage to the new anchor cables AN, AS, L1N and L2S and existing cable ES and FN. In addition to these six cables, the Project Engineer (PEO) determined that Cable MN was defective because the fully tensioned cable was not at the center of the track as required by the contract—it was cut too short. WSDOT ultimately rejected the cables in question and ordered the contractor to remove and replace all seven cables. Manson formally protested this order and the matter was brought before the DRB. The DRB found that the acceptance criteria in the contract did not support rejection and replacement of the cables and, therefore, the added cost to
replace cables AN, AS, L1N, L2S, ES, and FN was compensable. In the course of replacing the damaged cables in 2016, the replacement cable for L1N was also damaged and had to be replaced again. This meant only six new cables were available for the seven that needed replacement. It was determined that Cable L2S had the least amount of damage and could remain in place with some minor banding. The remaining cables, AS, AN, ES, FN, L1N and MN, were replaced.

The PEO determined the total amount of entitlement that the Contractor was due regarding the above issues ($3,895,313), and prepared two change orders; No. 25, Partial Pay 2016 Cable Repl. and No. 26, Clear All and sent them to the Contractor for endorsement. The Contractor refused to endorse No. 26, so WSDOT executed it unilaterally.

On February 24, 2017, the Contractor filed formal claims regarding removal of the Split Guide Bushings (SL-067 for $1,956,936.74) and payment for replacing the anchor cables during the “second season” (SL-066 for $5,790,584.82).

Litigation consultants performed an audit and schedule analysis of the Contractor’s records on behalf of WSDOT and the Attorney General’s Office to provide advice. A new estimate was prepared using, in part, findings of these Consultants. WSDOT was able to settle the claims with the Contractor prior to litigation.

**Entitlement**

The Engineer has come to an agreed upon settlement with the Contractor to provide additional compensation for the changed condition regarding removal of the existing Split Guide Bushings and added work of replacing Anchor Cables during the second season.

**Price**

**Prior to Claim Settlement**

1. Split Guide Bushings  
   a. Direct Costs Incl. 14% M/U C.O.#26 $440,325

2. Anchor Cable Replacement 2016  
   b. Direct Costs Incl. No M/U C.O. #25 $1,061,286  
   c. Direct Costs Incl 14% M/U C.O. #26 $2,393,702  
      Total $3,895,313

**After Claim Settlement**

1. Split Guide Bushings $890,704

2. Anchor Cable Replacement 2016 $4,662,829

The Engineer's estimate was re-calculated for the claim settlement using recommendations from the DRB and findings from the litigation consultants. Direct cost hours were adjusted, new markups were applied for overhead and profit, and adjustments were added for weather delays and inefficiencies related to working on Sundays.
The revised total estimate is $5,553,533. The Contractor and Engineer settled on $5,545,313. WSDOT has already paid MCC $3,895,313, leaving a remaining balance of $1,650,000 to be paid.

**Contract Time**
This change does not affect contract time.

**Attachments to Memorandum**
Change Order Document
Change Order Checklist
Attachment A – Change/Verbal Approval
Attachment B – Engineer's Independent Estimate

**MLB/SKC**
File: C8677, OC17-04, 8.027
Serial File: SF17-084
WASHINGTON STATE
DEPARTMENT OF TRANSPORTATION
CHANGE ORDER

DATE: 06/27/17
Page 1 of 3

CONTRACT NO: 008677
CONTRACT TITLE: SR 104, HOOD CANAL BRIDGE – ANCHOR CABLE REPLACEMENT
CHANGE ORDER NO: 27 CLEAR ALL SETTLEMENT

PRIME CONTRACTOR: MANSION CONSTRUCTION CO.
PO BOX 24067
SEATTLE WA 98124-0067

(X) Ordered by Engineer under the terms of Section 1-04.4 of the Standard Specifications
( ) Change proposed by Contractor

ENDORSED BY:

[Signature]
CONTRACTOR
6/28/17

SURETY CONSENT:

ATTYORNEY IN FACT

DATE

ORIGINAL CONTRACT AMOUNT: 7,324,203.00
CURRENT CONTRACT AMOUNT: 12,369,296.02
ESTIMATED NET CHANGE THIS ORDER: 1,650,000.00
ESTIMATED CONTRACT TOTAL AFTER CHANGE: 14,019,296.02

Approval Required: (X) Region (X) Olympia Service Center ( ) Local Agency

APPROVAL RECOMMENDED

[Signature] Michelle L. Butts
PROJECT ENGINEER
7/7/17

EXECUTED

[Signature] Mark A. Meiss
STATE CONSTRUCTION ENGINEER
07/12/2017

APPROVAL RECOMMENDED

[Signature] M. B. Schrag
REGIONAL ADMIN.
7/12/17

EXECUTED

OTHER APPROVAL WHEN REQUIRED

SIGNATURE

DATE

REPRESENTING

CG0264 (revised Feb 2003)
All work, materials, and measurements to be in accordance with the provisions of the Standard Specifications and Special Provisions for the type of construction involved.

This contract is revised as follows:

Description:
The Contractor, Manson Construction Co., by the signing of this change order agrees and certifies that:

Upon payment of this change order in the amount of $1,650,000.00, any and all claims in any manner arising out of, or pertaining to Contract No. 8677, including but not limited to those certain claims set forth in letters to the Department of Transportation regarding the removal of the Split Guide Bushings as submitted in the certified claim, Serial Letter SL-067, dated February 24, 2017, signed by Robert Reller; and Cable Replacement in "Season 2" as submitted in the certified claim, Serial Letter SL-066, dated February 24, 2017, signed by Robert Reller, have been satisfied in full and the State of Washington is released and discharged from any such claims or extra compensation in any manner arising out of Contract No. 8677.

Measurement:
No specific unit of measurement shall apply to the lump sum item CO 27 Clear All Settlement.

Payment:
"CO 27 Clear All Settlement", lump sum, shall be full payment to settle all protests and any and all claims regarding Contract No. 8677.

Time:
Contract time is not affected by this change order.
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