

COST SAVINGS CHANGES FOR THE 144-AUTO CLASS FERRY

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Program Background

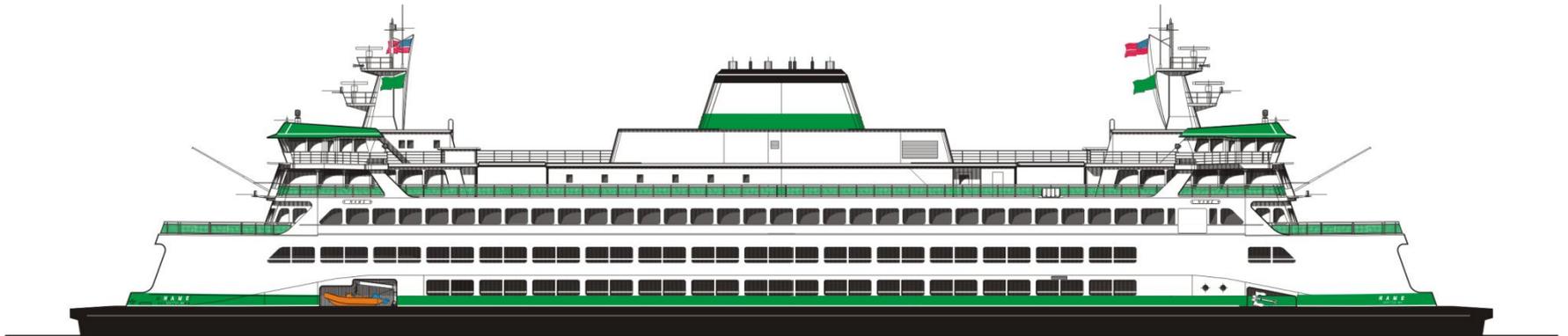
The 144 Auto Ferry Class has recently completed the detailed engineering and design stage. Key milestones include:

- Price and design were submitted to the WSDOT Ferries Division (WSF)
- Ferries Division issued technical acceptance of the design
- Price and schedule negotiations are now underway
- WSF/US FAB have 45 days to conclude negotiations



Legislative Proviso

In the 2011 legislative session, the Contractor for the 144 Auto Class Ferry was directed to present a list of options that could result in cost savings changes in terms of construction or the long-term maintenance and operations of the vessel.

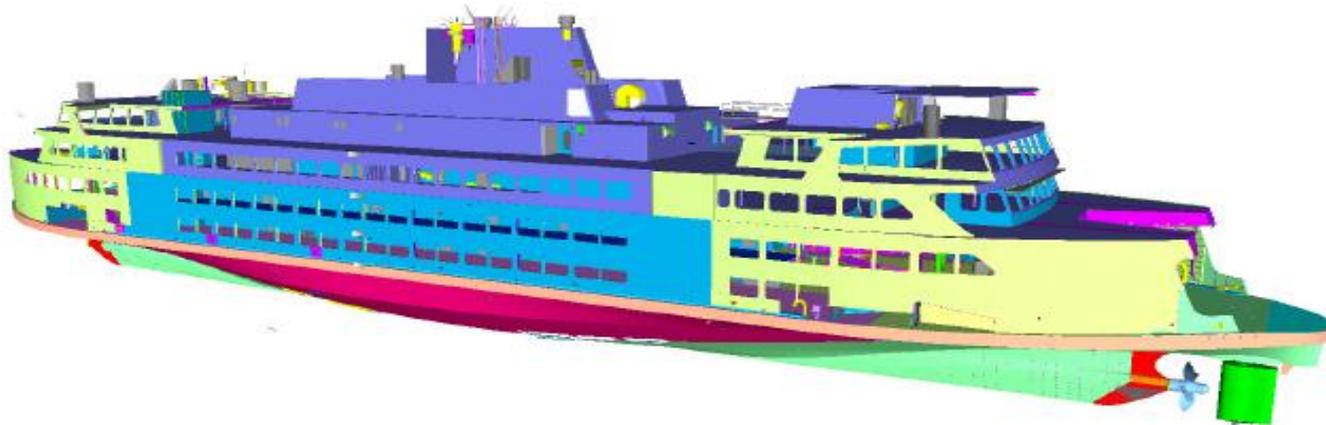


Cost Saving Proposal Options

To complete the task the Contractor worked closely with WSDOT Ferries Division to:

Identify significant cost savings with:

- No added penalty to the project timeline
- No reduced operational capabilities of the new ferry



Savings Identified Prior to Proviso

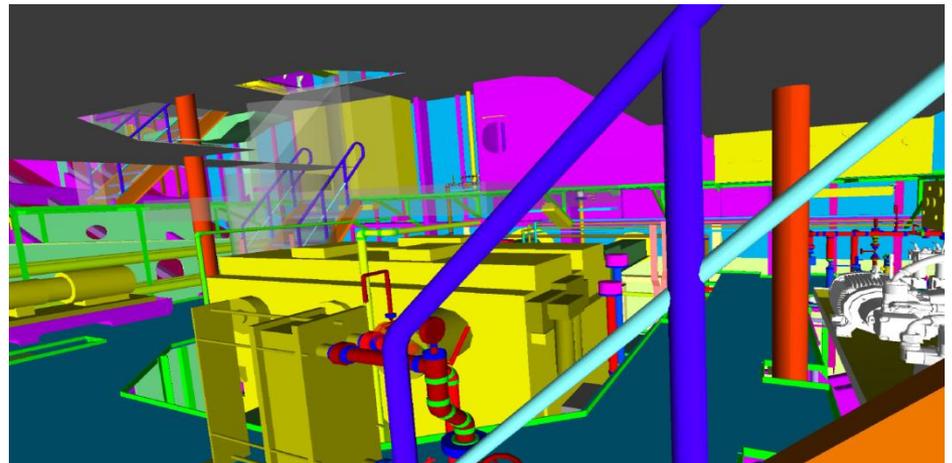
WSDOT Ferries Division, teaming with the Contractor, met over several months to identify ways to reduce cost on the new 144 ferry design for construction program as part of our normal cost control processes.

More than 296 proposals were reviewed. A sample of savings includes:

- Less restrictive but effective inspections points during construction
- Less costly on ship training instead of in classrooms
- New materials and engineering methods for mechanical systems such as non-welded piping joints

The cost-containment process:

- Reduced the need for costly materials and labor hours
- Produced a net savings of \$1.86M



Savings Identified by the Legislative Proviso

The Contractor continued to work with the WSDOT Ferries Division to develop a list of options that could result in cost saving changes as requested by the Legislature in the referenced proviso. The Contractor and Ferries Division, through a further review of the specifications, found approximately \$1.06 to \$1.58M additional savings. A sample of the savings is included in the following slides.

Cost Saving Proposal Options

Reduction Item Category

Low Range

High Range

Construction

\$425.5K

\$638.4K

- Modify crew accommodations
- Decrease acoustic insulation where it is not required by regulations
- Remove doubler plates for weather deck drains
- Remove A/C condensate drain non-return valves
- Do not paint insulation in crew areas
- Remove repainting reference marks
- Change deck grating material type
- Remove deck grating in hull void spaces
- Change certain piping material
- Change sun deck railings on topside to bulwarks
- Change ventilation louver material, fire damper material, and door frame material

Operations

\$299.8K

\$449.7K

- Combine pursers and day room into single room
- Remove the drinking fountain in workshop
- Change fuel valves to manual operation
- Remove standby electric water heater
- Delete exhaust clean out containers
- Reduce the trolley system
- Delete the trolley lifting basket
- Delete minor equipment lifting pad eyes
- Material change for electronic instruments
- Material change on gauges
- Remove compartment heaters from voids and tank rooms
- Remove the CCTV system

Cost Saving Proposal Options

Reduction Item Category

Low Range

High Range

Contract

\$217.6K

\$326.6K

- Reduce spares for rescue boat
- Do not provide graffiti remover
- Do not provide spare A/C equipment and tools
- Reduce paper submittals of schedule documents
- Reduce technical publication submittals and engineer's operating manual

Management

\$112.7K

\$169.1K

- Provide electronic format of test procedures
- Provide manufactures parts manual list
- Remove deck covering maintenance book
- Submit one electronic copy of test schedule
- Submit all manuals, drawings, written materials on CD-ROM
- Reduce system training requirements
- Modify equipment label requirements
- Delete mock up requirement for seating and staterooms
- Change pilot house console mock up requirement
- Change material report submittal frequency
- Remove photo requirement
- Remove sea trial wake and spray pattern documentation
- Reduce Dispute Review Board meeting frequency by 50 %

Total Estimated Savings

\$1.06M

\$1.58M

A Limited Number of US Fab Recommendations Were Not Adopted

Cost reduction items not adopted were:

- Eliminate drain pans and walk off mats
- Change from Hi-Fog to a CO2 system for fire suppression
- Eliminate the galley
- Eliminate the Oberg oil filter crusher
- Remove requirement for a Master Construction Schedule built using Primavera 3 software

Range of savings: \$528,000 to \$796,000

Conclusion

New 144 Auto Ferry Total Cost Savings

In total, including both of the cost reduction efforts, US Fab and WSDOT Ferries Division have identified \$2.9 to \$3.4M of savings. We believe that this was a beneficial effort to reduce costs. WSDOT Ferries Division intends to fully implement the agreed upon savings.



Questions?

For further information on the 144-car ferry contract, please contact:

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