

EFFICIENCIES IN THE CONSTRUCTION AND OPERATION OF STATE TRANSPORTATION PROJECTS

July 24, 2013



Introductions & Presentation Objectives



PRESENTATION OBJECTIVES

- ▶ Provide an overview of our project team, approach, and schedule
- ▶ Share findings from initial conversations on cost drivers
- ▶ Hear from JTC Members
 - Thoughts on cost drivers
 - Important considerations
 - Desired outcomes
 - Questions

Project Objectives & Approach

PROJECT OBJECTIVES

- ▶ To develop a broad understanding of the costs of transportation projects and what drives these costs
- ▶ To identify potential efficiency measures or reforms
- ▶ Results of this effort will support policy discussions regarding potential transportation funding package

KEY ELEMENTS OF APPROACH

- ▶ Integrate the Advisory Panel and Staff Workgroup to facilitate common understanding
- ▶ Develop a robust and objective assessment of cost drivers and the relationship to policies and practices
- ▶ Clearly identify policy trade-offs and implications of potential efficiency measures
- ▶ Effectively communicate study results

PROJECT TEAM

- Michael Hodgins, Project Manager (BERK)
- Allegra Calder, Advisory Committee Facilitator & Policy Analyst (BERK)
- Kathy Scanlan, Policy Analyst (Scanlan Consulting)
- Kjristine Lund, Strategic Advisor (Lund Consulting)

Project Participants



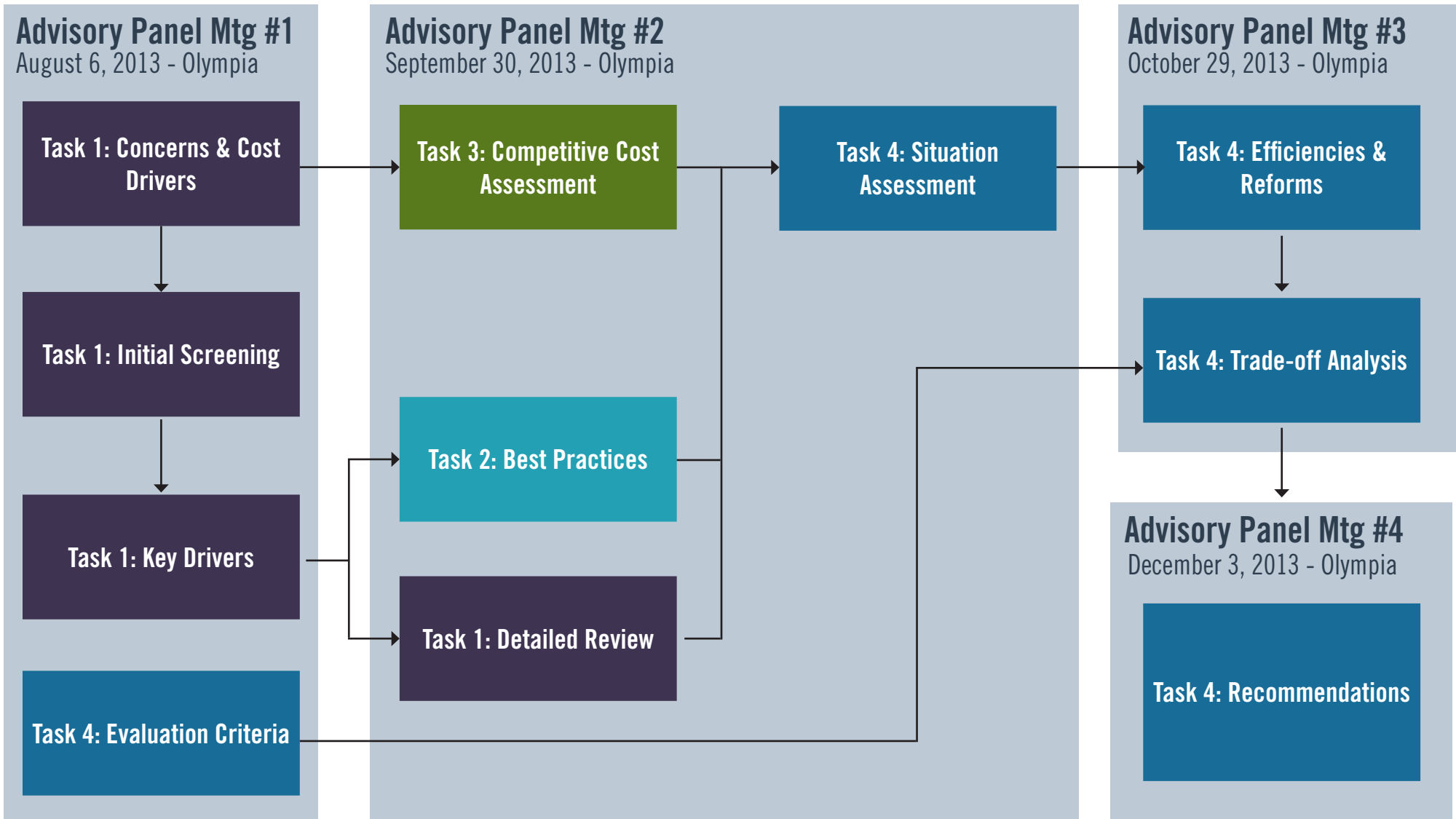
ADVISORY PANEL

- Rep. Judy Clibborn
- Sen. Curtis King
- Sen. Tracey Eide
- Rep. Ed Orcutt
- WSDOT Secretary Lynn Peterson
- Carrie Dolwick, Transportation Choices Coalition
- Mike Ennis, Association of Washington Businesses
- Vince Oliveri, Professional and Technical Employees, Local 17
- Duke Schaub, Associated General Contractors

STAFF WORK GROUP

- Beth Redfield, Project Manager, JTC
- Mary Fleckenstein, JTC
- Alyssa Ball, House Transportation Committee
- Amy Skei, House Transportation Committee
- Clint McCarthy, Senate Transportation Committee
- Lyset Cadena, Senate Democratic Caucus
- Jackson Maynard, Senate Majority Coalition
- Samantha Gatto, House Republican Caucus
- Rashi Gupta, House Democratic Caucus
- Cheri Keller, OFM
- Jay Alexander, WSDOT, Capital Program Management
- Pasco Bakotich, WSDOT, Development Division
- Keith Metcalf, WSDOT, Chief Engineer
- Matt Neeley, WSDOT, Capital Program Management
- Other agency staff may be added

Technical Approach Overview



Approach to Best Practices & Cost Assessments

▶ Define current practice

- Which state agencies, in addition to WSDOT, are involved?
- What is required by RCW and what is the legislative intent?

▶ Review applicable federal requirements

- Do our legislative requirements differ from federal requirements?

▶ Identify costs of current practice

- What does the current practice cost?
- On what types of projects?

▶ Review practices in other jurisdictions

- How do these practices differ from ours?
- Could a different practice reduce costs or increase efficiency if applied here?

▶ Define potential changes

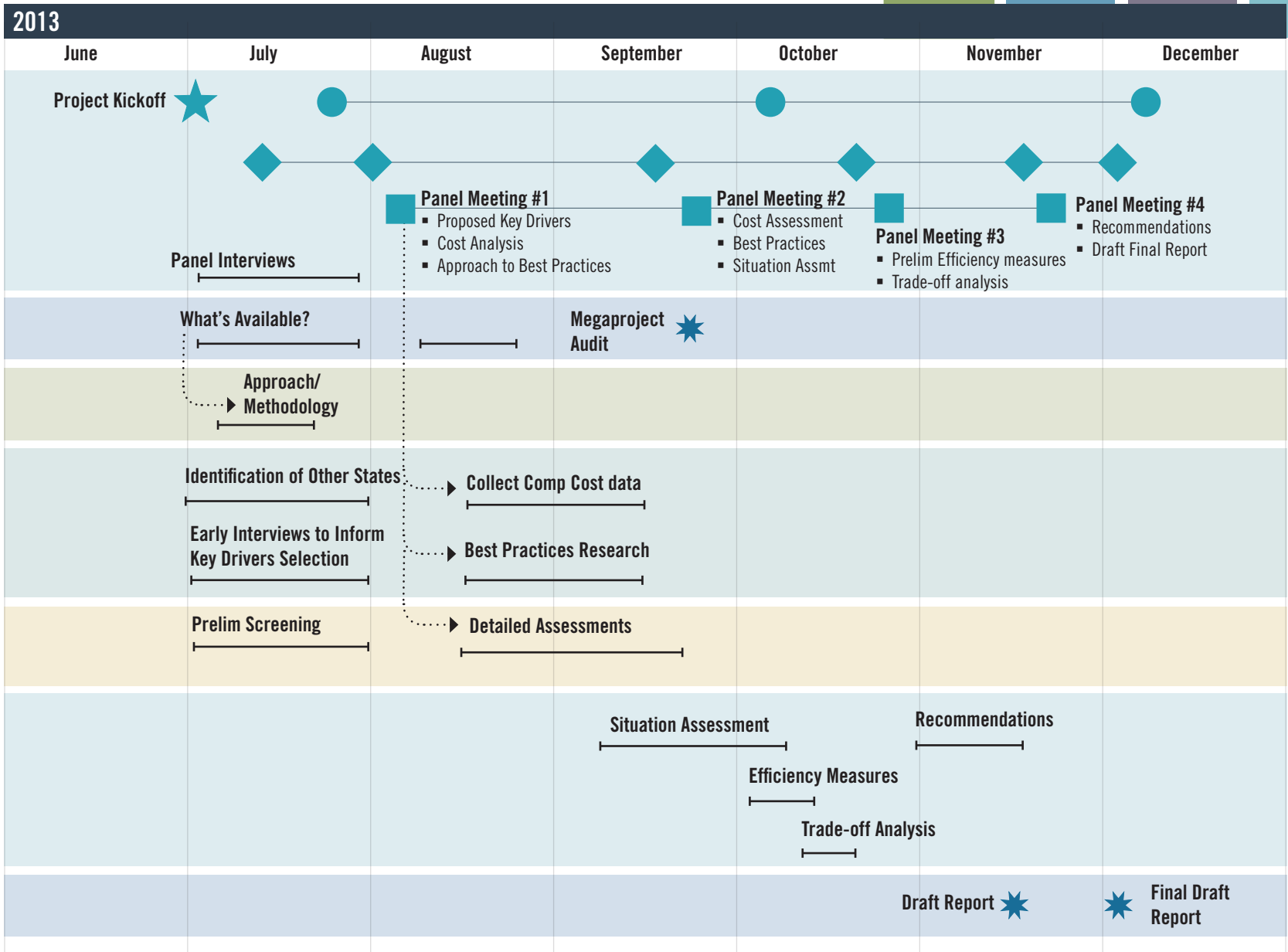
- Administrative
- Legislative

▶ Assess potential changes

- Identify potential savings
- Identify policy implications



Project Schedule



Concerns Raised During Session

THE RFP IDENTIFIED THE FOLLOWING CONCERNS:

- Long environmental permitting processes
- High mitigation expenses
- Prevailing wage administration requirements that may be more costly for both public administrators and private companies
- Project management inefficiencies
- Higher public sector design, operations and maintenance and preservation costs as compared to the private sector
- Size of contingency funds for each project
- Tax laws and financing practices that drive up costs
- Workforce challenges, e.g. apprenticeship requirements and an aging workforce
- Specific instances where state standards are higher than federal standards; and
- Inclusion of bike and pedestrian elements in highway projects

Additions from Preliminary Interviews



IN ADDITION TO THE CONCERNS OUTLINED, INITIAL INTERVIEWS HAVE ALSO SURFACED THE FOLLOWING:

- Project lifecycle - start and stop nature of some large projects during planning stages
- Excessively high engineering and environmental standards
- Projects that are oversized - need for rightsizing
- Insufficient use of Design/Build contracting
- Balance of transportation demand management and capacity needs to shift
- Short closure windows to complete construction (to minimize traffic disruptions)
- Risk sharing
- Financing costs and use of debt for projects with shorter lifecycles
- Buy local requirements

Preliminary Cost Drivers By Construction Phase



COST DRIVER	PROJECT PHASE					
	Planning	Permitting	Design	Construction	Finance	Operations
Permitting						
Long permit times						
Cost of local permits						
Environmental standards						
Consecutive vs. concurrent						
Design elements						
Local preferences						
Non-highway features						
Engineering standards						
Design/build utilization						
Demand forecast						
Prevailing wage						
State vs. federal						
Calculation method						
Project criteria						
Administration						
Mitigation						
SEPA / NEPA						
Cost vs. schedule						
Local agreements						

Preliminary Cost Drivers By Construction Phase



COST DRIVER	PROJECT PHASE					
	Planning	Permitting	Design	Construction	Finance	Operations
Estimating/budgeting						
Contingencies	■		■	■		
Schedule vs. Cost	■	■	■	■		
Treatment of risk/uncertainty	■		■	■		
Planning without secure funding	■					
Contracting						
OMWBE requirements				■		
Risk assignment				■		
Use of private contractors			■	■		■
Apprenticeship				■		
Construction						
Materials cost				■		
Short closure windows				■		
Change orders				■		
Project/program management				■		
Sales tax on construction				■	■	

Questions & Discussion

- ▶ Are the cost drivers identified to date the right ones? What's missing?
- ▶ Our definition of operations is roadway maintenance and operations. Is that consistent with how you think about it?
- ▶ What considerations should we keep in mind as we begin our work?
- ▶ Other questions or comments