

Special CRABoard Meeting

CRAB Boardroom/Teleconference

Olympia, Washington

September 12, 2013

1:00 PM

Members Present:

Douglas County Commissioner Dale Snyder, Chairman

Pierce County Engineer Brian Stacy, P.E., Vice-Chair

Lewis County Commissioner, Bill Schulte

Lincoln County Commissioner Rob Coffman

Members Present via Conference Call:

Columbia County Engineer Drew Woods, P.E., Second Vice-Chair

Yakima County Commissioner Mike Leita

Franklin County Commissioner Bob Koch

Members Absent:

Snohomish County Council Member John Koster

Staff Present:

Jay Weber, Executive Director

Walt Olsen, P.E., Deputy Director

Karen Pendleton, Executive Assistant

Randy Hart, P.E., Grant Programs Manager

Derek Pohle, P.E., Compliance Manager

Jeff Monsen, P.E., Intergovernmental Project Manager

Bob Davis, Systems Manager

Guests:

Pete Ringen, P.E., Wahkiakum County Engineer

Commissioner Blair Brady, Wahkiakum County

CALL TO ORDER

Chair Snyder called the Special CRABoard Meeting to order at 1:00 pm on Thursday, September 12, 2013. He asked Ms. Pendleton to call roll for the record.

In Olympia

Snyder	Present__X__
Stacy	Present__X__
Schulte	Present__X__
Coffman	Present__X__
Weber	Present__X__
Olsen	Present__X__
Hart	Present__X__
Pendleton	Present__X__
Pohle	Present__X__
Monsen	Present__X__
Davis	Present__X__
Ringen	Present__X__
Brady	Present__X__

Via Teleconference

Woods	Present__X__
Leita	Present__X__
Koch	Present__X__

Wahkiakum County Request

Chair Snyder asked Mr. Hart to present Wahkiakum County's request. Mr. Hart provided the following information:

I. Nature of Request:

Wahkiakum County, per their letter dated August 29, 2013, has requested an additional \$250,000 in Rural Arterial Transportation Account (RATA) funding for Wahkiakum Ferry in accordance with WAC 136-165-010. This is 25% of the originally allocated funding of \$1,000,000, and is the maximum increased amount allowed for the project. Rural Arterial Program (RAP) project cost increase requests must be presented to the CRABoard in order to be considered for approval.

II. Background:

Initial funding by Federal Highway Administration:

Wahkiakum County notified CRAB on October 3, 2011 that it had received a Ferry Boat Discretionary Grant (FBDG) in the amount \$2,800,000 from the Federal Highway Administration (FHWA) for the construction of a new ferry boat. A United States Department Of Transportation (USDOT) press release dated August

17, 2011 cited federal approval of funding for the Puget Island Ferry Boat, and on September 28, 2011, the county received official notice from the Washington State Department Of Transportation (WSDOT), which stated that FHWA funding authorization was effective September 23, 2011. This funding provided the major portion of the estimated \$3,900,000 needed to provide a new replacement vessel. The county still needed \$1,100,000 to fully fund the project. FBDG funds were granted to the county based on its assurances the funds would be used by 2014.

October 2011 funding by CRAB:

At the October 27, 2011 CRABoard Meeting, the county was granted \$1,000,000 in emergent RATA funds to provide the majority of the required \$1,100,000 matching funds. While the need for a new ferry had been recognized for some time prior, the likelihood of successfully competing for the nationwide grant program funding was not assured. The county also explained that as a very small county it is not in a financial position to proceed without the help of additional grant funds. The likelihood of success in the FBDG competition could not have been predicted when the last County Ferry Capital Improvement Program (CFCIP) was open to application in 2009, and waiting for the next CFCIP in 2013 would have pushed the completion of the ferry to 2017, far beyond the expectations for timely construction with the awarded FBDG.

Project development since October 2011:

In early 2012, a review of the ferry buoyancy characteristics by the Puget Island ferry ramp designers, David Evans Associates, found that the original design would not serve the intended variety of vehicles to match the ramp design. This prompted a rapid redesign of the hull of the replacement ferry. The delivery of final drawings and specifications on July 12, 2012 by transmittal to the WSDOT was the end point of the consultant's main design effort on the replacement ferry.

The final plans and technical specifications for the contract were transmitted to the WSDOT via an e-mail on July 12, 2012, for their review. However, more work and consideration at the local level remained to be done before this project was ready for advertisement. An unofficial estimate at this time was \$4,220,000.

An update to the cost estimate for the re-designed vessel was provided on July 23, 2012. This estimate placed the cost of the replacement ferry at \$4,403,000.00 including supervision of construction and regulatory liaison. The consultant remarked that steel prices had increased from 60 cents per pound to 70cents per pound, and labor had risen from \$72.00 per hour to \$75.00 per hour. The new hull design also required more material. With the updated estimate in hand, the consultant made a presentation to the Wahkiakum County Commissioners that

summer, after which there was considerable public debate about the rising cost of the project and whether it should proceed. In the fall of 2012, the Wahkiakum County Commissioners decided the project should move forward.

To assist in preparation for bid of the project, the WSDOT provided the county a copy of bid documents for their Keller Ferry project, which included General Conditions and multiple other bid documents that had not been prepared or modified by the consultant as part of their scope of work on this project. Using the WSDOT's documents as a starting point, the county was able to produce the bid documents for its project. Although a key Wahkiakum County staff member left for employment elsewhere during this time, the modifications were completed by early 2013.

Advertisement was recommended by the county engineer in spring of 2013. An updated cost estimate of \$4,584,000.00 was provided by the consultant on March 13, 2013, which included supervision of construction and regulatory liaison.

The Wahkiakum County Commissioners first called for bids on the Replacement Ferry Contract on March 19, 2013. Bids were opened on April 16, 2013 and only one bid was received, from US FAB LLC in the amount \$8,500,000.00. The Commissioners rejected this bid due to both the lack of competition and the huge gap between the sole bid and the engineer's estimate.

Subsequently, the county determined the bond amount in the bid documents was not customary for the ship building industry, and it should have conformed to the provisions of WAC 468-320-030 which deals with 'calculation of state's exposure to loss', and alternate forms of security and determination of bonding amount', as required for Washington State ferry vessel construction. It was felt that a reduced bond amount would attract more bidders with a better outcome if the project were re-advertised.

The consultant, Elliott Bay Design Group, was authorized by the County Commissioners to proceed with a Contract Security Risk Assessment consistent with WAC 468-320-030. Of interest, the consultant did not update the estimate for ferry construction in the Contract Security Risk Assessment, but stood by the estimate of March 13, 2013. The Risk Assessment was completed June 17, 2013. Subsequent modifications were made to the contract bid documents by the County Engineer to reflect the changes in the bond language.

The Wahkiakum County Commissioners called for bids again on July 1, 2013, and opened the bids on August 6, 2013. Two bids were received, one from Diversified Marine Inc., in the amount \$7,153,645.74 and the other from Nichols Brothers

Boat Builders in the amount \$5,675,584.00. On August 13, 2013, the County Commissioners rejected the bid from Diversified Marine Inc., and sent a letter to Nichols Bros. explaining the local funding problem.

The County has since reached out to multiple state and federal funding agencies for support in achieving the goal of awarding the ferry contract and completing this vessel construction. The project remains funded at \$4,909,226 with a low bid of \$5,675,584. Modification of the Puget Island ferry landing to accommodate the larger vessel is not included in this contract.

History of Cost Estimates:

2009, FBDG	\$3,900,000
October, 2011, CRAB Emergent Request,	Unchanged
Mid July, 2012	\$4,220,000 (unofficial)
July 23, 2012	\$4,403,000 (redesigned hull)
March 13, 2013 Ad.	\$4,584,000 - Single bid - \$8,500,000
July 1, 2013 Ad.	Unchanged - Low Bid - \$5,675,584

III. Summary of request:

At a bid of \$5,675,584, the county finds itself \$766,358 short of needed funding to accomplish the replacement of the Puget Island Ferry boat. The county is considering pursuit of a no-interest loan that was offered by WSDOT on August 29, 2013. The county has not yet agreed to accept this loan, but has asked the WSDOT to prepare the loan documents. The county may have the opportunity in 2016, via its 6-year Transportation Improvement Program and 14 Year Ferry Improvement Program, to request CFCIP funding to pay back the WSDOT loan. That application could be submitted in 2017 if the CRABoard issues a call for projects earlier that year. The county is at this time requesting that \$250,000 of the shortfall be funded from the RAP.

Current identified funding:

Federal Ferry Boat Discretionary (FBD)	\$2,800,000
Supplemental FBD	\$ 123,649
Ferry Boat Program (new, MAP-21, federal)	\$ 85,577
Regional STP (federal) funds	\$ 900,000
RATA – Emergent	<u>\$1,000,000</u>
Total Grant funds for construction	\$4,909,226

Bid amount	<u>\$5,675,584</u>
Funding gap	- \$ 766,358

IV. Staff Findings:

Summary of important WAC requirements for increase requests:

- Constraints of increase requests:

Increases can be sought only one time, prior to commencing construction and must be \leq 25% of current RATA funding. The county's request is limited to \$250,000 or 25% of the current RATA authorized amount and the contract has not been awarded, thus the work has not commenced as defined in WAC. The contract has yet to be awarded, pending the county's pursuit of needed additional funding

- Must be based on unforeseeable and extraordinary circumstances

The Ferry boat replacement project is of such unique character and scope, especially for a county the size of Wahkiakum, that staff finds the bid results were unforeseen. The design consultant had developed construction estimates twice, once in July 2012 at \$4,403,000 and again in March of 2013 at \$4,584,000. After the project was advertised and bids were received in March of 2013, the sole bidder offered to do the work for \$8,500,000.00, 85% over the engineer's estimate, meaning the county would have to find another \$3,600,000 in funding. The county rejected the bid due to lack of competition. The county reduced the bonding required to allow more open bidding, and re-advertised the project on July 1, 2013, opening bids on August 6, 2013. The granting of Federal Ferry Boat Discretionary funds placed the project on a very aggressive timeline for construction and Wahkiakum County found itself in a situation very different from any it has encountered. Staff finds the uniqueness of the project and the size of the county to be extraordinary compared to any the county has encountered. The county expressed that it does not have the same financial capability to quickly subsidize a project with these costs compared to larger counties that operate ferries or the State.

- Submit Engineer's estimate to CRAB prior to Advertisement

WAC requires submittal of the engineer's estimate to CRAB prior to advertisement. CRAB staff received the required estimate of cost for the project after the project was advertised as part of the increase request documents submitted by the county on August 29, 2013. Given that the estimate was done (twice) prior to the original March 19, 2013 advertisement date, that the county found itself suddenly understaffed, and given the complex nature of the project, staff has verified the county had a valid, well developed estimate in hand prior to advertisement, which is the intent of this rule.

- The availability at the needed time of matching funds and other supplementary funds.

The county, based on the consultant's estimate, had all needed funding in place at the time of advertisement.

- Other items as required per WAC:

The county submitted the standard RATA fund Increase Request Form which addresses the remaining items as required by WAC. Of specific reference are additional funds that the county sought to fill the 'bid to estimate' funding gap. WSDOT Highways and Local Programs had suggested these are usually available through underspending of statewide federal obligation which may be used if the county positions some local dollars in the Statewide Transportation Improvement Program and demonstrates the project is ready to advertise and award. However, the WSDOT informed the county (as late as the time of bids opening) that there are now no extra federal highway dollars to distribute to projects in need of funds.

- Subsequent reduction in future biennium funding limit.

The county acknowledges that if the increase is approved, its funding limit in the next array of projects will be reduced by the increased amount.

V. Staff Recommendation:

Staff has visited the project site, and finds that the county has submitted its increase request in a timely manner and advertised the project based on the best available information it had at the time. Staff finds the project is underfunded due to unforeseeable and extraordinary circumstances, yet remains a critical improvement for the county and the statewide transportation system. Staff finds the county has met the conditions of the WAC governing RATA project increase requests.

Staff recommends approval of \$250,000 in increased RATA funding to Wahkiakum County's Ferry Boat Replacement project, with a commensurate reduction in its future biennium funding limit.

Chair Snyder called for comments/questions.

Following discussion, Commissioner Schulte moved and Commissioner Coffman seconded to approve Wahkiakum County's request for \$250,000 in increased RATA funding for their Ferry Board Replacement project, with a commensurate reduction in their future biennium funding limit.

Chair Snyder asked Ms. Pendleton to call for members' votes by responding yea or nay when called.

Snyder	Yea__X__	Nay_____
Stacy	Yea__X__	Nay_____
Woods	Yea__X__	Nay_____
Leita	Yea__X__	Nay_____
Schulte	Yea__X__	Nay_____
Koster	Yea__X__	Nay_____
Koch	Yea__X__	Nay_____
Coffman	Yea__X__	Nay_____

Meeting adjourned at 1:30 pm.

Approved: _____
Dale Snyder, Chairman

Attest: _____
Jay Weber, Executive Director