

VandenBerghe, Alissa (Consultant)

From: Dye, Dave
Sent: Tuesday, December 30, 2008 3:22 PM
To: Paananen, Ron; Hammond, Paula; Grotefendt, Amy (Consultant); Judd, Ron; Ziegler, Jennifer; Stone, Craig; White, John
Subject: RE: AWV Cost Estimates - Follow Up

Hey all - we had a pretty good discussion at the AWV office today regarding project cost estimates, with most of the focus on the bored tunnel. You may have seen some e-mail from me earlier suggesting that the costs for the single-bore could be somewhat lower than the \$2.13 billion figure used originally. Based on my conversations today, I'm inclined to say the \$2.13 billion figure is the right figure to build a finance plan around...here's why:

- The probable cost range from which we pulled that figure is about \$1.9 billion to \$2.4 billion, with most probable being \$2.13 billion.
- This range is not a full CEVP range - probably more like the 30% to 70% CEVP range -- a full 10% to 90% range might be something more like \$1.6 to \$3.0 billion, with the 60% about the same as our \$2.13 billion (some conjecture here, but informed conjecture).
- ARUP and Cascadia are suggesting the tunnel can be done in the \$1.6 to \$1.8 range, closer to the lower end of what we might expect to see in our full range when the CEVP is conducted. There is no doubt that there is optimism in that number.
- Taking what we learned from our expert review panel in 2006, we would expect to see the wider range given where we are in the design process and that targeting the number somewhere around 50-60% for finance plan development seems reasonable.
- We'll pull together a few tunnel experts in the next couple of weeks to check our approach on this but don't expect a major shift in this number.

So, that's a long way of saying I think we should stick with the \$2.13 billion number for financial planning purposes...in a conversation with the other members of the tri-agency today they concur. Along those lines, work about who pays for what and transportation performance and construction impacts etc. continues so we will have good information for our 9-3 workshop at the city on Friday. That's it for now, and of course, all subject to change. Talk to you soon.

-dave

-----Original Message-----

From: Dye, Dave
Sent: Sunday, December 28, 2008 11:05 AM
To: Paananen, Ron; Hammond, Paula; Grotefendt, Amy (Consultant); Judd, Ron; Ziegler, Jennifer; Stone, Craig
Subject: AWV Cost Estimates

Hey all - some vacation time gave me pause to ponder our work program regarding bored tunnel cost estimates and the obvious thought hit me: if we adjust the risk profile for the tunnel shouldn't we do the same (at least take the same approach) for the elevated and surface options? After all, it is still all relative and how might the dynamics change if the plain jane elevated can be done for 2.2 billion inclusive of seawall and utilities or frank's option can be done for 2.8 billion? What if the surface is way cheaper than any of those? It seems the opponents of a tunnel will want (demand) apples to apples comparisons, so I think we need to expand our work effort next week...this is likely going to take a couple of weeks to accomplish compounded by holidays.

First, we'll need to assemble a group of cost estimators to review the base costs and markups for things like design allowance, engineering and cm. Then, a group needs to review the risk profiles for the options to see if they are overstated as some tunnel experts suggest - and do it fairly. And, we need to asses that issue and whether or not the same holds true for surface and the elevated options too. All while trying to be true to our CEVP process. Need someone from the CRA office (Gable?) And Reilly would be good...anyone know when he's back? Need to bring Larry Kyle too because the same issues are being raised on 520 so let's be consistent across the board - might learn a thing or

two from 405 also...

Okay, enough for now - I think gov's office is expecting some update tomorrow and we can provide status but we need to not rush out a number before we get all this in context - we'll only get one chance to do this the right way - I'll check on work efforts in progress (tunnel focused) tomorrow via e-mail and will be in office Tuesday for a better assessment - in the mean time, a workshop is tentativley planned with city and county on Friday to review the tunnel option and what components go in and who pays...phew...

More later...

-dave