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**From:** White, John  
**Sent:** Tuesday, May 12, 2009 9:43 AM  
**To:** Van Ness, Kristy (Consultant)  
**Cc:** Paananen, Ron; Grotefendt, Amy (Consultant); Lenz, KaDeena (Consultant)  
**Subject:** RE: Viaduct info request from L.Lange

Q. A - A reasonable statement would be on average 2%. In some areas we have a bit more detail, in others less. We are starting to advance the design beyond the 2% level in support of the EIS and tunnel RFP.

Q. B - Concur. We need to stick to using the December/January table you are showing until we have new CEVP results later this summer.

One nuance of the risk and contingency discussion that I am sensitive to is not saying 'there will not be any cost overruns', rather saying we know there will be additional costs related to final design as well as during construction, and our cost-risk (CEVP) estimating process projects and accounts for those expected additional costs. Thus we are confident in our ability to stay within the budget thresholds that we have been given, assuming we can maintain scope and schedule reasonably well. Saying 'there will not be cost overruns' is not a realistic statement, saying we believe we can deliver within the set budget is reasonable.

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**From:** Van Ness, Kristy (Consultant)  
**Sent:** Monday, May 11, 2009 5:41 PM  
**To:** White, John  
**Cc:** Paananen, Ron; Grotefendt, Amy (Consultant); Lenz, KaDeena (Consultant)  
**Subject:** FW: Viaduct info request from L.Lange

Larry's writing for a local Web site - below is an email from him with a few questions.

Question A: What % of design is completed on the bored tunnel? (As Larry asks, "as of this week")

Question B: Here's information that I have - please let me know if you have any edits to it, or things you think I should add.

The risk and contingency associated with the tunnel itself (\$1.9 billion) is about \$418 million. Escalation is estimated at \$166 million. The design for the tunnel is very preliminary, however, and there are things we do not know yet. To account for this in the cost estimate, we estimated the risks and identified a potential cost if none of the risks materialize and a potential cost if all of the risks materialize. Our estimate also accounts for seven years of inflation from now until the tunnel is complete in 2015.

<b>Bored tunnel cost estimate</b>	<b>Cost (millions)</b>
Construction	\$944
Right-of-way costs	\$149
Preliminary and final design	\$118
Construction management and administration	\$118
Risk and Contingency	\$418
Escalation (per Global Insight)	\$166
<b>TOTAL</b>	<b>\$1,913</b>

Thanks! I'd like to send him information tomorrow, if at all possible.

-Kristy

Kristy Van Ness (Laing)  
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**From:** Larry Lange [mailto:[twolanges@gmail.com](mailto:twolanges@gmail.com)]  
**Sent:** Monday, May 11, 2009 4:22 PM  
**To:** Van Ness, Kristy (Consultant)  
**Subject:** Fwd: Viaduct info request from L.Lange

Kristy, I just left you a voice-mail message.  
I'm working on a followup viaduct story for a local web site (now that I'm no longer at the P-I).

I'm looking for two basic things:

- a. the percentage of design completed on the bored tunnel, as of this week.
- b. a breakdown of the elements included in the \$4.24 billion cost, including the amount for contingency. Last I recall that amount was about 10 percent but I need to check that.

I need the information in the next day or so and would appreciate it if you could e-mail it to me at my personal e-mail address, where I'm working:

[twolanges@gmail.com](mailto:twolanges@gmail.com)

Thanks again for the help.  
I hope all's well with all of you and I'm glad you apparently survived the budget battles.

Larry Lange