

4/27/2017

# Connecting Washington Account Budget Management

## Background

Project funding for the Connecting Washington (CW) transportation package was set up in two ways, programmatic funds and line item project appropriations. Programmatic funds are used when projects are funded categorically, giving WSDOT discretion on which specific projects are funded and when. Examples of programmatic fund categories in the CW package include Fish Culverts and Highway System Preservation.

Line item project appropriations create a fixed budget to complete a specific project-level scope of work. The legislature assumes the funding provided for each line item project is sufficient to deliver the project and further assumes that in many cases there will be practical design savings made available to fund other needs. Due to funding conditions and requirements of the budget bill, as well as commitments on non-CW projects, WSDOT does not have the capacity to allow CW project budgets to be supplemented from other state or federal sources beyond CW.

WSDOT appreciates the efforts that a bidder invests in putting a bid together. We do not want to advertise projects that we do not anticipate executing. However, given the current bidding climate it is sometimes difficult to predict if the budget will be adequate. In the event that the budget is tight, we are electing to advise the bidders of the funding constraint. This not only allows the bidder to make an informed decision but it also protects the bidders pricing in the event of a rebid provided the bidder is over the maximum and elects not to submit.

## Implementation

For the remainder of 2017, WSDOT identified six WSDOT design-bid-build projects with potential funding constraints. WSDOT will be evaluating these projects carefully and will only implement the Maximum Funds Available specifications when we feel there is inadequate margin between the Engineer's Estimate and the available funds. Of the six noted contracts, three are currently out on advertisement. Only one of the three has been determined to require the Maximum Funds Available specifications. The attached spreadsheet provides details for the six projects. The specification reads in part as follows:

### ***(New Date)***

The maximum funds available for this Contract is **\*\*\*FILL IN \$\*\*\***. Submitting a Proposal that is greater in price than the maximum funds available will result in the Proposal being declared irregular and shall cause the Bid to be rejected by the Contracting Agency.

### ***(New Date)***

A proposal will be considered irregular and shall be rejected if the Contractor's Bid amount is greater in price than the maximum funds available specified in Section 1-02.6.

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## Summary

WSDOT will continue to work with the legislature to find options that allow for funding flexibility as we administer the Connecting Washington transportation package. Absent flexibility, we will:

- Use the Maximum Funds Available specification when we determine there is insufficient margin between the Engineer's Estimate and the available funding.
- Carefully manage the project development, track cost to complete and utilize practical design principles to reduce the costs of our projects.
- Encourage Value Engineering Change Proposals under contract

#	Title	Ad Date	CW Funding	Notes
1	SR 518/Des Moines Memorial Drive - Interchange Improvements	4/10	\$13,455,000	Currently being advertised, DBB project, with the Maximum Funds Available specification.
2	US 195/Colfax to Spangle - Add Passing Lanes	4/24	\$11,650,000	Currently being advertised, DBB project, Region determined that budget was adequate therefore Maximum Funds specification is not necessary
3	SR 3/SR 304 Interchange - Interchange Modification	4/24	\$4,200,000	Currently being advertised, DBB project, Region determined that budget was adequate therefore Maximum Funds specification is not necessary
4	I-5/Mounts Rd Vicinity - VMS	8/28	\$720,000	DBB project that may use Maximum Funds specification depending on funds available.
5	US 395/NSC Columbia to Freya	10/2	\$20,000,000	DBB project that may use Maximum Funds specification depending on funds available.
6	SR 20/Sharpes Corner Vicinity - Improvements	10/16	\$13,400,000	DBB project that may use Maximum Funds specification depending on funds available.

If you have questions or would like additional information please contact Craig McDaniel, Deputy State Construction Engineer [McDaniC@wsdot.wa.gov](mailto:McDaniC@wsdot.wa.gov).