

# Ship Canal Water Quality Project

City Council - Transportation & Seattle Public Utilities Committee

*Project Update – December 12, 2022*



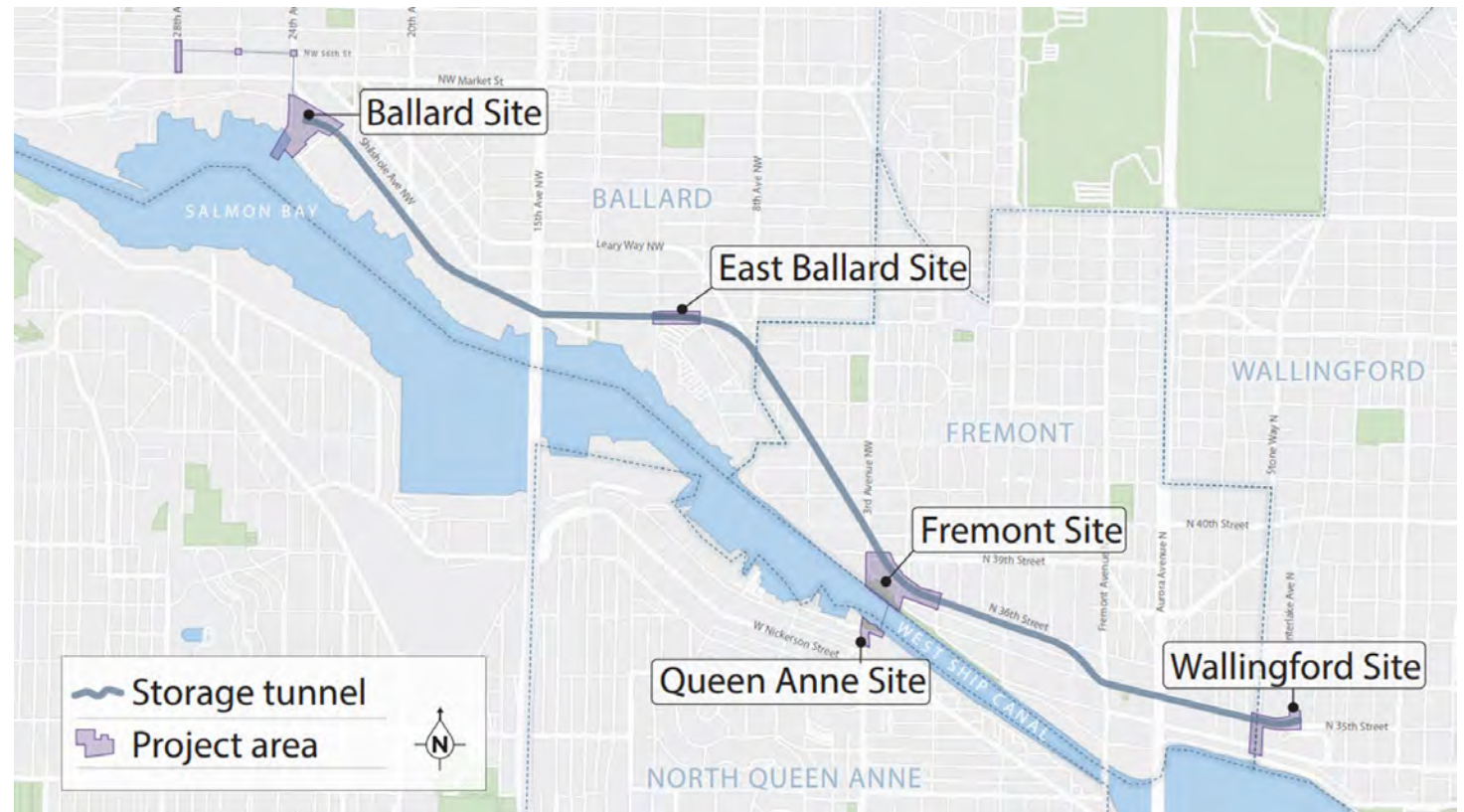


# Agenda

1. Overview
2. Cost estimates: confidence & risks
3. SCWQP cost estimate
4. Cost and risk management
5. Summary and next steps



- Reducing Seattle's combined sewer overflows
- Joint Project with King County
- Construction underway



# We're working on a project update

## Revising our budget and schedule

- Experienced unprecedented escalation and pandemic impacts, and unlikely risk events
- Expect to increase budget and extend schedule
- *Committed to our existing rate path*



# 2018 Project Cost Estimate

Cost estimate included:

- Base Costs
- Escalation
- Uncertainties and Risks

*\$570M with a 65% confidence*

**Single value costs**

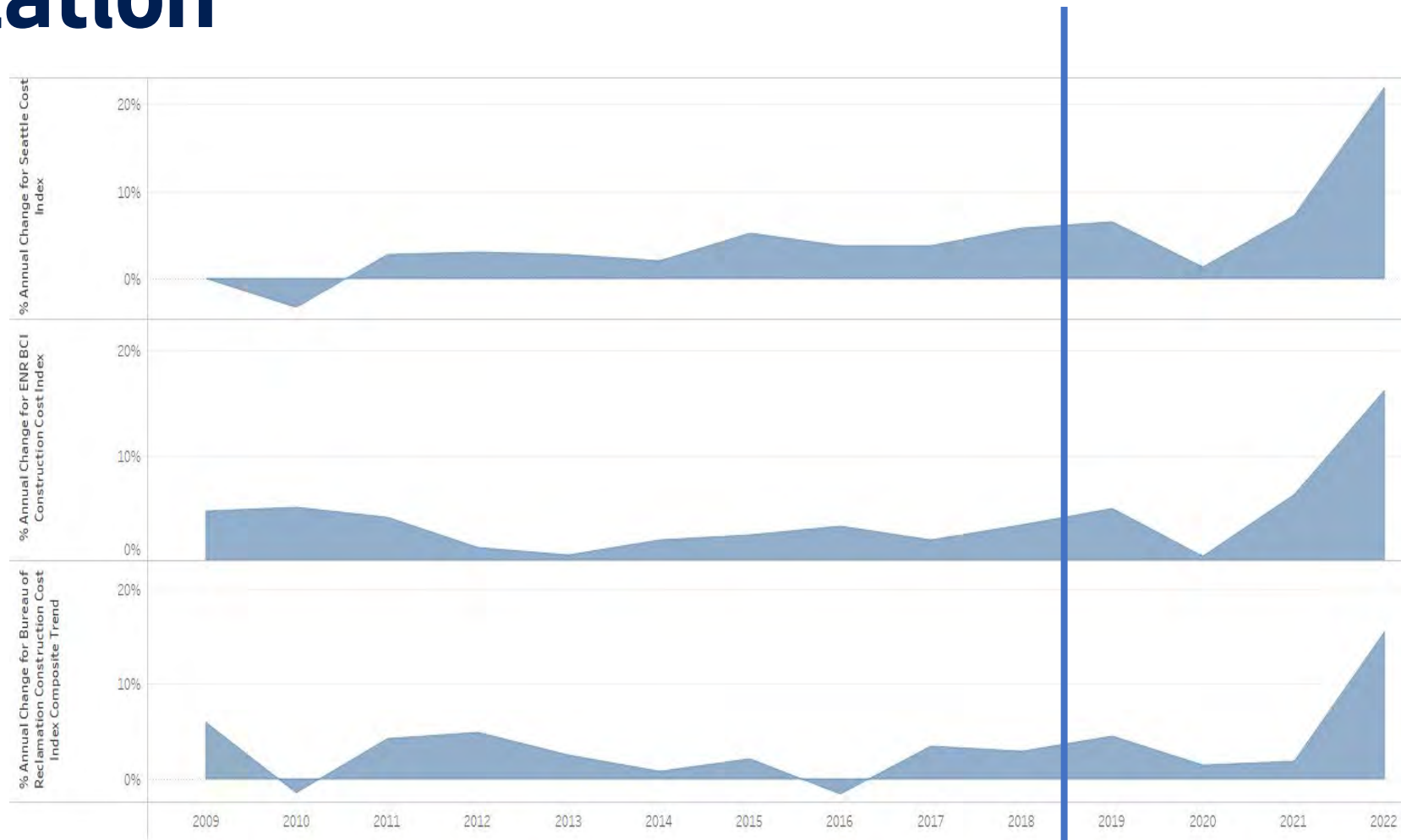
**Probability-based costs**

**65% chance costs will be at or below the estimated cost and 35% chance the estimated cost will be exceeded**





# Escalation



# Underground Risk Events

## How we prepared

- Conducted 73 borings along alignment to establish underground conditions
- Construction contract included “anticipated ground conditions” including 88 boulders greater than 3 feet diameter

## What we encountered

### A 12-foot diameter mega-boulder

- Risk register covered at 5% likelihood
- Contractor asserting damages of ~3.5 months, \$16M

### Inaccurate “As-built” records

- Underground infrastructure not per as-builts
- \$1.8M impact

# Estimated Cost Impact

- Preliminary estimates: 8 to 14% increase to between \$615M-\$650M (\$45M to \$80M)
- King County's share of increase is about a third
- Increases due to escalation, Covid impacts, and underground risk events
- Continuing to implement cost saving measures
- **Costs will be managed within our existing rate path with no impact to City's General Fund**





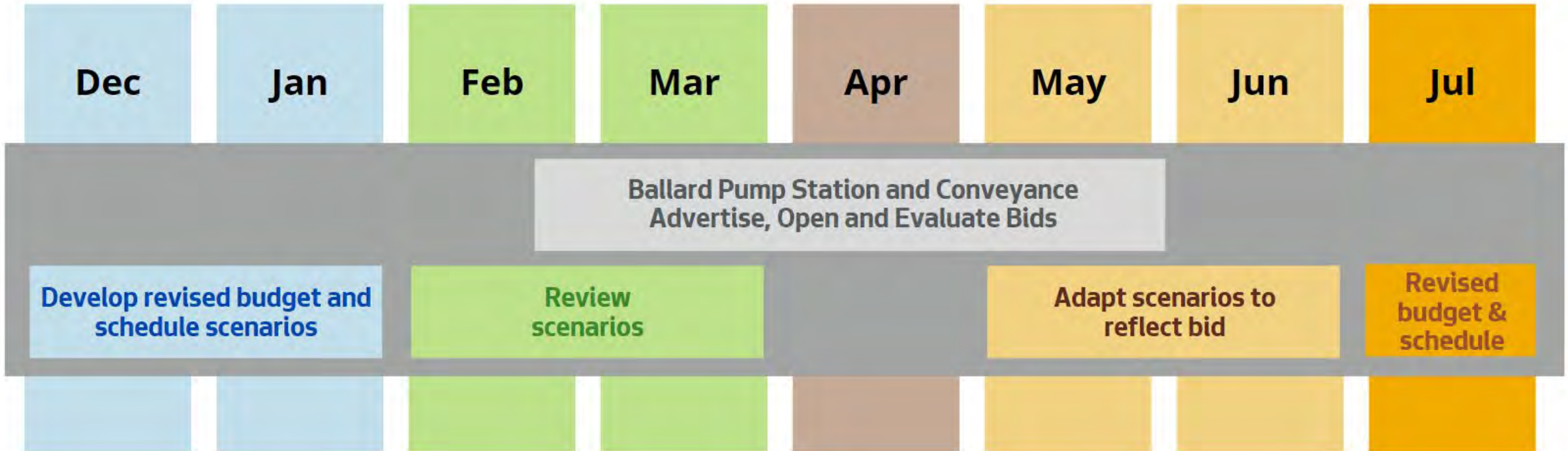
# Estimated Schedule Impacts

- Preliminary estimates indicate construction will extend beyond the regulatory deadline of 12/31/2025
- We are addressing schedule related challenges:
  - Force Majeure discussions with regulators
  - Liquidated damages



# Project Update Process

## *Revised Cost and Schedule Milestones*



# Summary

- Escalation, the pandemic, and underground events have impacted project cost and schedule.
- Revised cost and schedule expected in summer 2023.
- Project costs will be managed within our rate path established in the existing Strategic Business Plan

