

Ship Canal Water Quality Project

Parks, Public Utilities & Technology Committee

Budget Update – June 26, 2024

Agenda

1. Project and Budget Overview
2. Cost and Schedule Factors
3. Budget Details
4. Next Steps and Summary



**Seattle
Public
Utilities**



King County



2013 Wastewater Consent Decree

- With US Department of Justice, US Environmental Protection Agency, and WA Department of Ecology
- Performance requirement:
Less than 1 overflow per outfall per year on a 20-year moving average

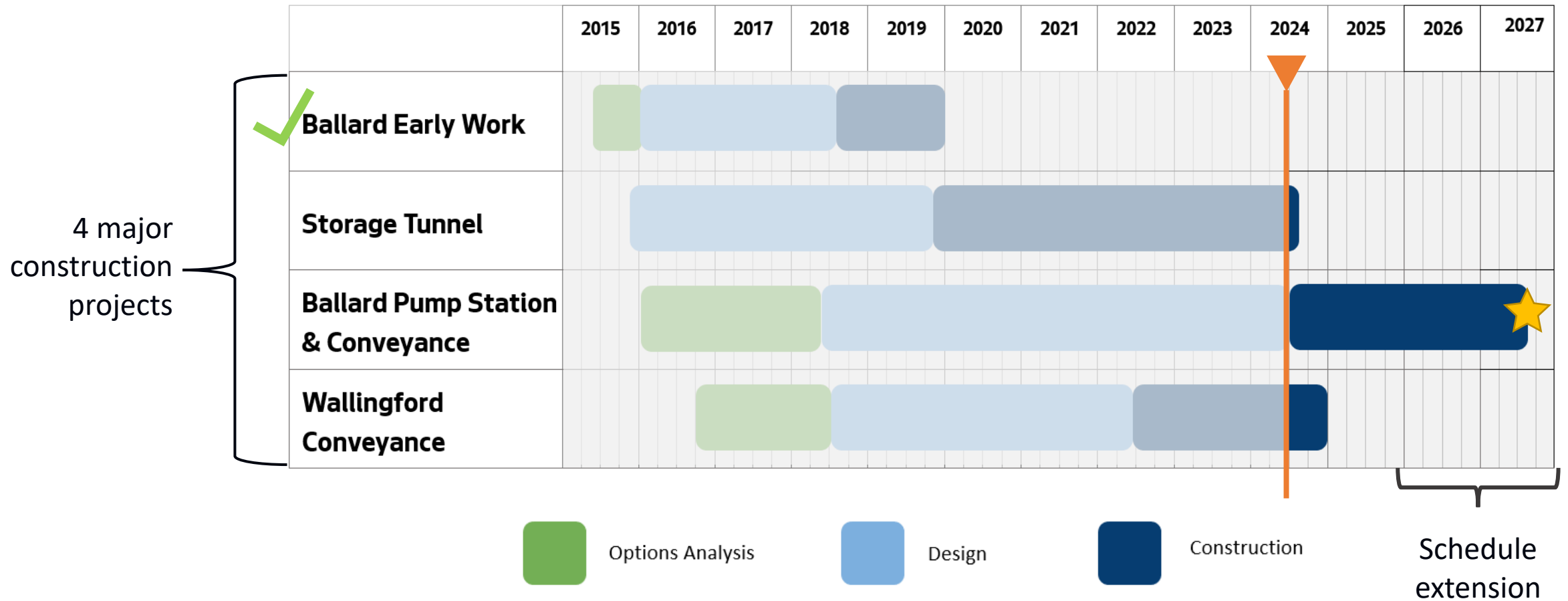
SPU investments to reduce CSOs since 2008:

- 4 major tank projects
- 2 major green stormwater projects
- 50 sewer system improvement projects

Plus the Ship Canal Water Quality Project and several green stormwater projects are under construction.



Progress to Date



Ballard Early Work

- Constructed permanent pier, power for tunneling, removed contaminated soil
- Total Project Cost: \$10M
- Completed in 2019



Wallingford Conveyance

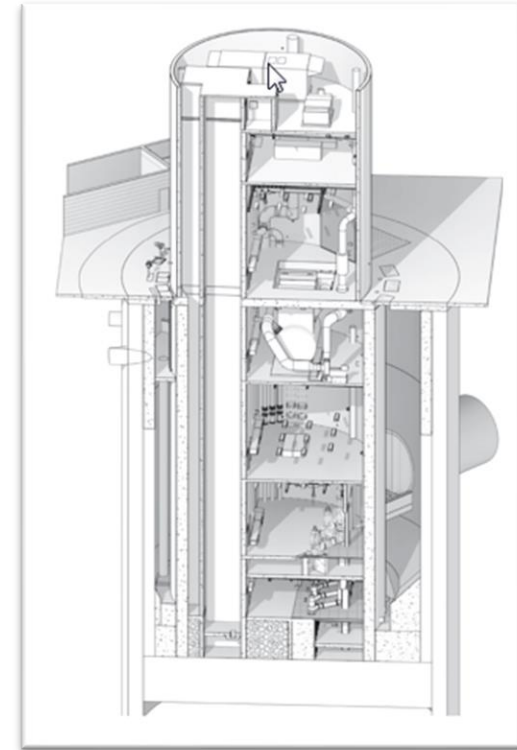
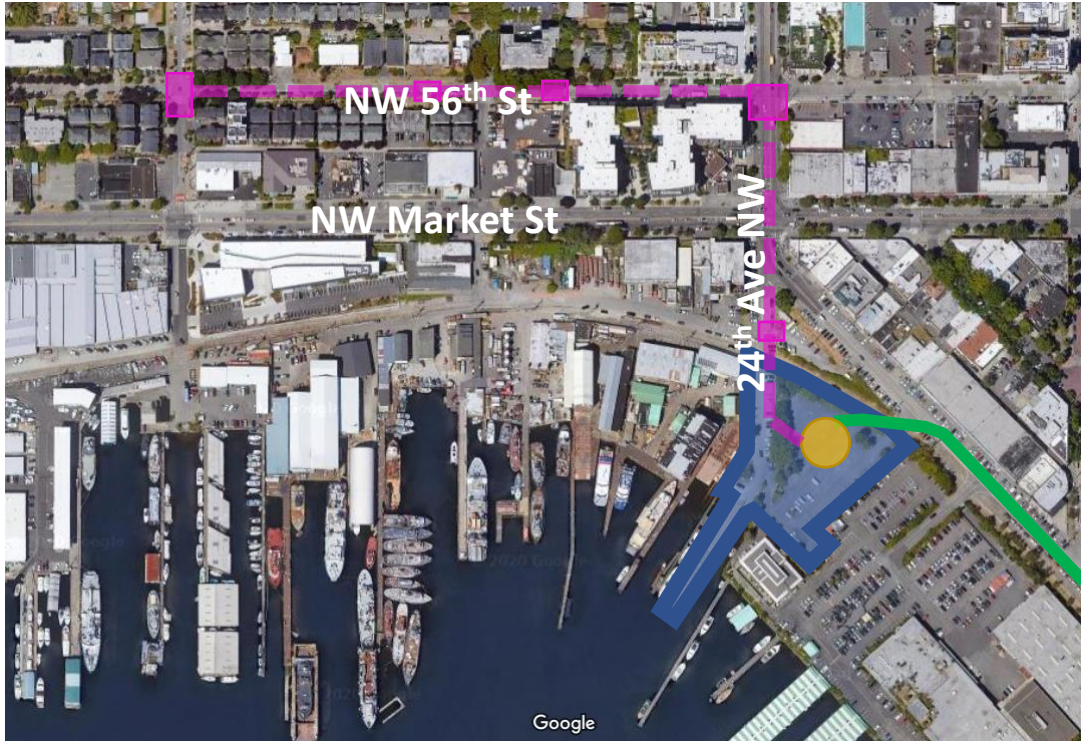
- Construction since 2023 of new conveyance pipes
- Total Project Cost Projection: \$19M
- **Will be completed this year**



Storage Tunnel

- Construction since 2020 in 5 neighborhoods plus storage tunnel
- Total Cost Projection: \$335M
- **Will be completed this year**

Ballard Conveyance and Pump Station



2024 Cost Estimate - Key Factors



Escalation

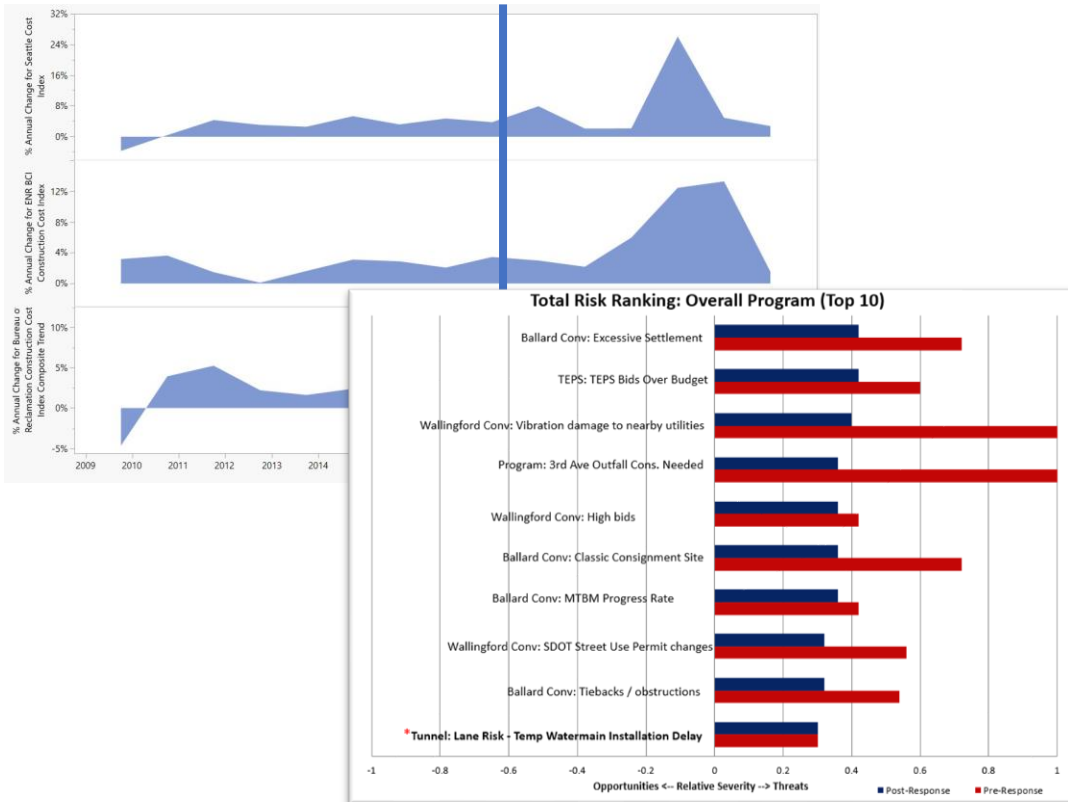
What will labor and materials cost in the future?



Risks

What construction issues will impact costs and schedule?

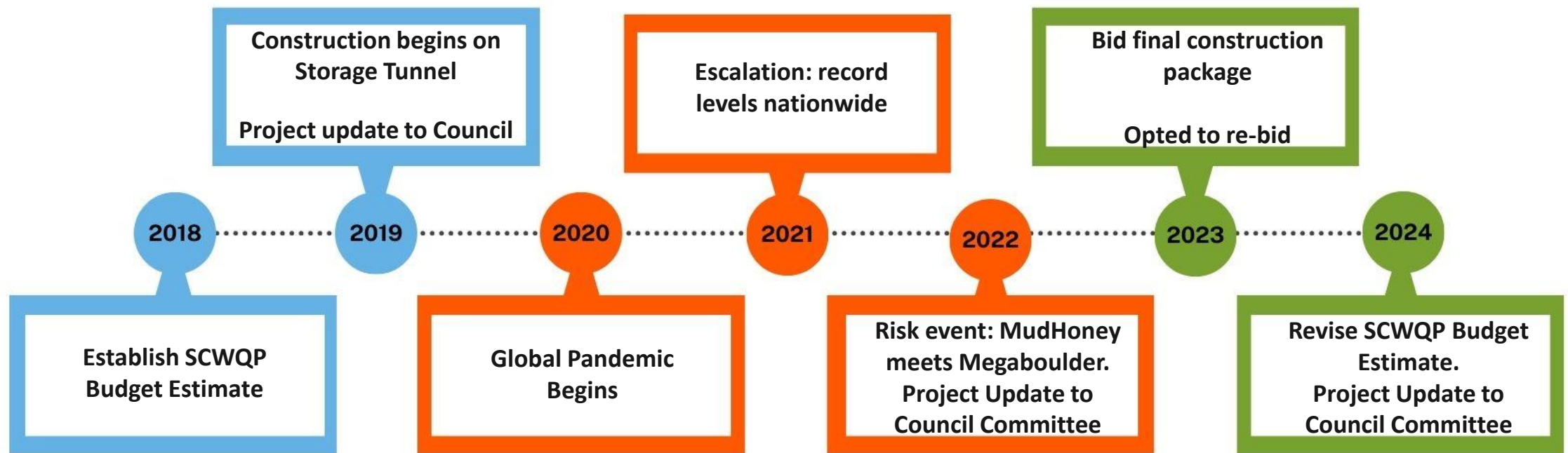
Best Practices: Escalation Estimates, Risk & Cost Management



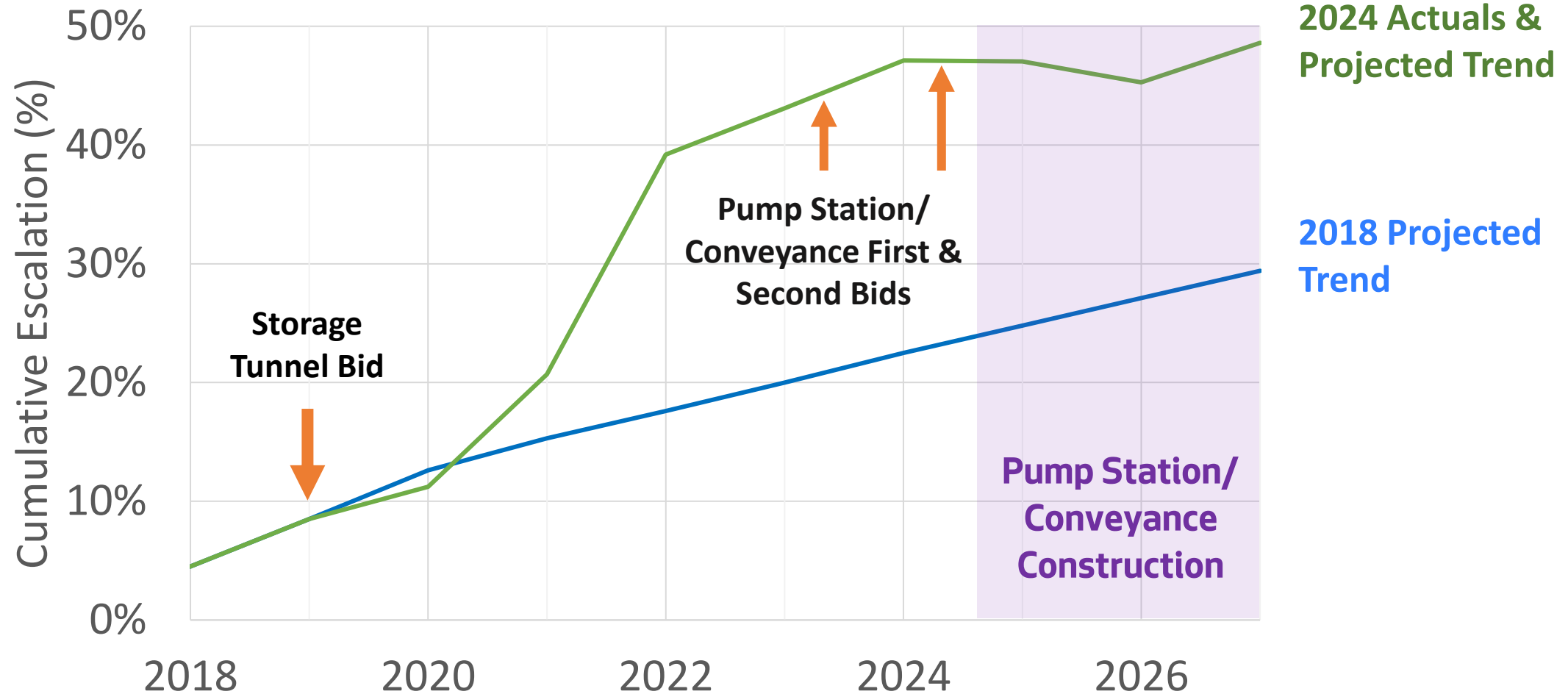
Cost Management

1. Monthly reviews:
 - scope, schedules, and costs
 - risk registers and evaluation of budget confidence
2. Value engineering
3. Project cost reviews
4. Financing options

Budget - Key Factors since 2018



Impact: Cumulative Escalation



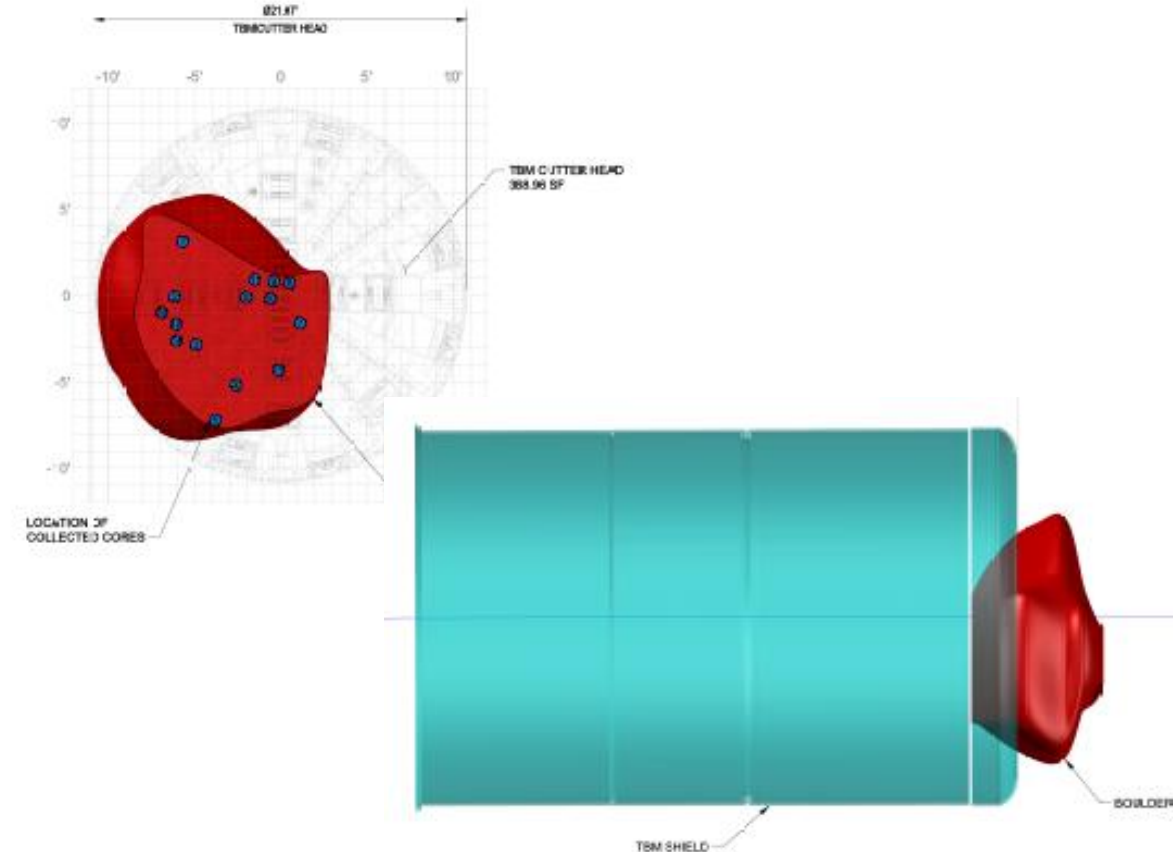
Impact: Underground Risk Events

A 12-foot diameter mega-boulder

- Risk register covered at 5% likelihood
- Contractor asserted damages of ~3.5 months, \$17M

Inaccurate “As-built” records

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



Cost Management

SCWQP Action	Savings
3 major value engineering and cost reduction efforts	\$67M cost reductions
Over \$341M in 3 low interest rates loans	\$267M over the life of the loans
Restructured and re-bid the Ballard Pump Station and Conveyance Construction Package	\$22M cost reduction



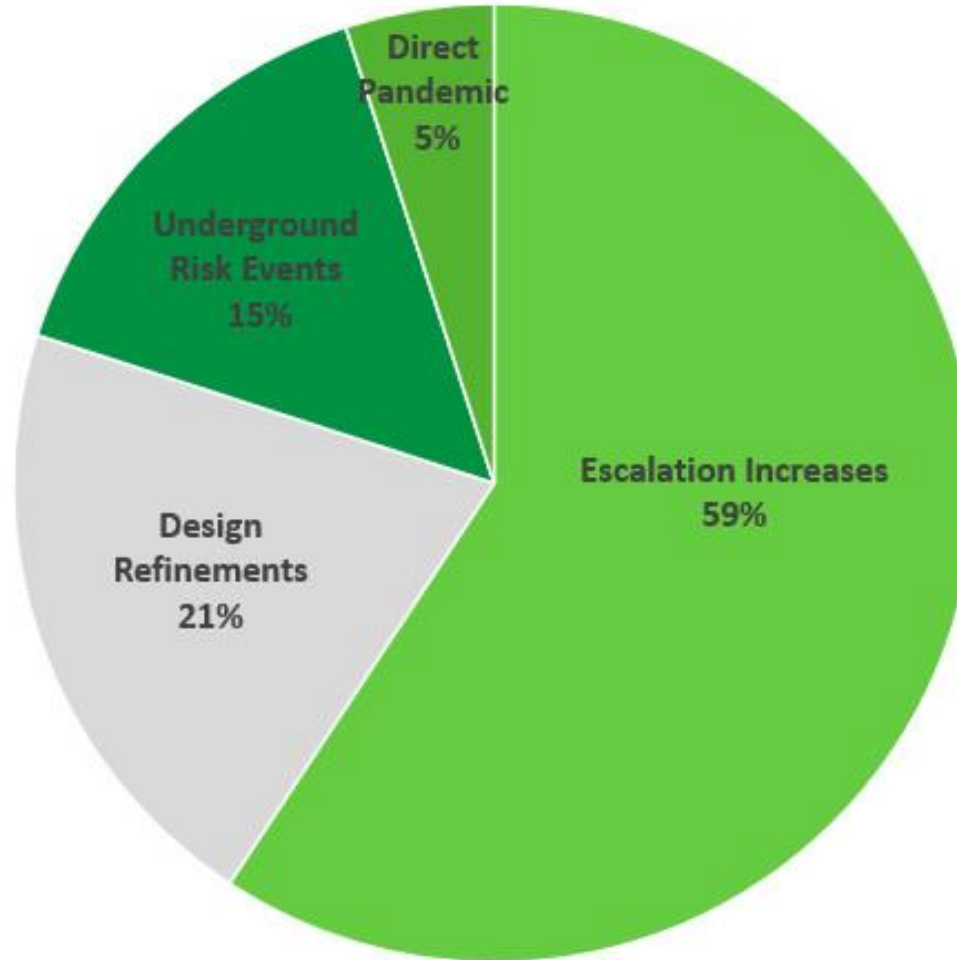
2024 Project Budget

\$710 M
80% confidence

SPU is committed to managing capital project budgets within the Strategic Business Plan rate path with no impact to the City's General Fund.



Budget Variance - \$570M to \$710M



Design Refinements Category:

- Design Refinements
- Scope Addition/Change
- Planning Estimate Corrections

Summary

- 2024 Project Budget: \$710M at 80% confidence
- Project Completion: 2027
- Project costs will be managed within the Strategic Business Plan rate path

