



12/19/2012

Marc Duboiski
Grants Manager
Recreation and Conservation Office
Salmon Recovery Funding Board
1111 Washington St Suite E.
Olympia, WA 98501

RE: Lower Wenatchee Instream Flow Enhancement Project, Grant Number 09-1623

Dear Mr. Duboiski,

This letter is to inform you of the current status of the Salmon Recovery Funding Board (SRFB) funded project Lower Wenatchee Instream Flow Project in Chelan County, with Trout Unlimited (TU) and the Pioneer Water User's Association (PWUA). As you know this project is a highlight for the region and will enhance instream flow for listed species in the Wenatchee River. Over the last three months the project has rapidly moved from design, engineering and permitting into construction. On Thursday October 18th, TU and PWUA authorized Forsgren and Associates, Inc. to notify Pipe of Washington, Inc (POW). of the award of contract for construction to commence. So, we have selected the contractor and have qualified them and their subs and began construction. Groundbreaking on the project occurred on November 8th, 2012. To date, the pump-station construction and the new waterline preparation has gone extraordinarily well. Our last construction meeting was Tuesday, December 18th and POW is well ahead of schedule thus far.

Unfortunately, Trout Unlimited finds itself in a budget shortfall on the project. Essentially, TU's consultant/engineer did not accurately estimate the total project costs and there have been unforeseen expenses along the way to construction that have caused TU to incur additional development costs on the project. The additional funds need to make up the difference on the cost estimates and the actual cost for construction total \$250,000 dollars (TU has already decreased the need significantly). This has occurred for several reasons outlined below, but with the enormous effort to-date to make this project a success, TU wanted to share this oversight. Below is a list of reasons for the project budget increase.

Construction Estimates:

The planning level engineer's construction estimates (several) for the project averaged approximately \$2.4 million. Prior to the bid opening the engineers estimate was determined at \$2.6 million. The lowest responsible bid was qualified for the project by P.O.W. Contractors, Inc. was \$2.85 million. The underestimated work with the largest project impact was preparation/grading, complexities at the pump stations and change in bidding climate, specifically:

Washington Water Project

103 Palouse, Suite 14 – Wenatchee, WA 98801
(509) 888-0970 • Fax: (509) 888-4352 • www.tu.org

1) The preparation/grading specifically included the unit bid items: mobilization, clearing and grubbing (850 trees), removal of structures and obstructions (110 miscellaneous items) and one diversion dam removal. These items were underestimated by approximately \$100,000 during final estimates.

2) The two pump stations include all work and materials necessary for turn-key system. The work includes all grading, fish screen (1), intake pipe (1), well (1), building (1), vault (1), electrical, controls and mechanical. The pump stations were underestimated by approximately \$180,000 during final estimates.

3) Finally there has been a regional increase in contractor jobs over the last several months, creating a more expensive bidding environment and when coupled with the increase in gas prices and subsequently pipe prices, costs are rising on piping projects.

There are other reasons for a higher bid climate and ultimately a higher project cost, but discerning information from the received bids, shows the above as the top three. All said, between the short-sight in the cost estimate, the additional work getting to construction, the need for construction management during construction and the desire for at least some contingency we have missed the budget by approximately 15%. However, since inception of this project TU and PWUA have tried to decrease project cost, increase value and create the largest environmental benefit. We have cut the originally proposed project cost from over 5 million to a total of 3.4 including the higher bid, diversion removal and working with PWUA to address alternate water supply to south end users. TU also bridged work with PWUA and Ecology on the water right change that will deliver over 35 cfs for instream flow, which is almost a 60% increase in what we originally proposed. So we under estimated cost, but in the end we will significantly over deliver.

Since October 18th, TU has been trying to address the budget and reconcile the increase in cost, which we have decreased already with our original contingency budget. The SRFB has a large stake (11%) in this project and TU would like the program to consider increasing that to 13.8%, essentially granting us \$98,678.00 in additional funds. This would reconcile the budget and insure a quality project outcome, which serves as the highlight we have all been working towards for the last four years.

I appreciate your consideration, feedback and suggestions, as always.

Thank you,



Aaron Penvose
509-881-7689

cc: Derek Van Marter, Upper Columbia Salmon Recovery Board