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July 11, 2023

Mr. Brian Pearson, PE
Local Programs Engineer
WSDOT North Central Region

Re: Fed. Aid #: **INFRA-9904(017)**

City of Wenatchee #: 2201.1

Project Title: Confluence Parkway Component No 3; Segment 1B and Segment 2A McKittrick RR Underpass and Confluence Parkway Phase 1 (Hawley St.- South)
Special Experimental Project No. 14 (SEP-14) Request

Dear Mr. Pearson:


The City of Wenatchee (City) requests Federal Highway Administration (FHWA) approval to evaluate the use of a qualification- and proposal-based selection process without a price component in the potential award of a Progressive Design-Build (PDB) contract for the Confluence Parkway Project (Project). The initial phase of the Project was identified as Segment 1B and 2A in the Apple Capital Loop 2021 INFRA application. These projects are defined in the INFRA grant term sheet as Component 3; Segments 1B & 2A, McKittrick RR Underpass and Confluence Parkway Phase 1 (Hawley St.- South). This is a large-scale transportation project for the City, which is made possible through award of a 2021 Infrastructure for Rebuilding America (INFRA) Grant and state funding.

An environmental assessment (EA) has been submitted pursuant to Section 42 of the U.S. Code Section 4332(2)(c) and Section 23 of the *Code of Federal Regulations* (CFR) Part 771 by the City, U.S. Department of Transportation, FHWA, Washington Division, and the Washington State Department of Transportation (WSDOT). Based on comments received and the environmental evaluation, a Finding of No Significant Impact (FONSI) is anticipated upon completion of FHWA's and WSDOT's approval. The City anticipates these approvals will be completed by July 2023.

The National Environmental Policy Act (NEPA) process will be complete before the issuance of the final Request for Proposal (RFP) and award of the Design-Build contract. Under 23 CFR 636.302(a)(1), evaluation of price is required in the selection where construction is a significant component of the scope of work if the NEPA process has been completed. Therefore, the City requests to select a Design-Builder based solely on qualifications and proposal score where price is not a component.

Attached is a Special Experimental Project No. 14 (SEP-14) request detailing the procurement process, anticipated benefits, and reporting expectations. We believe you will find our process to be acceptable for federal participation and request your concurrence to proceed with the Project. If you wish to discuss any of these items further, please let me know.

Sincerely,
Department of Public Works

DocuSigned by:

37840B7254704FE
Jake Lewing PE, City Engineer

cc:

Apple Capital of the World



Special Experimental Project No. 14 (SEP-14)
Alternative Contracting Workplan
for
City of Wenatchee's Confluence Parkway
INFRA-9904(017) Grant Term Sheet
Component 3; Segments 1B & 2A,
McKittrick RR Underpass and Confluence Parkway Phase 1 (Hawley St.- South)

A. Introduction

The City of Wenatchee (City) has been provided a great opportunity to expand its transportation infrastructure network serving all users with the Confluence Parkway Project (Project), through funding provided by a 2021 Infrastructure for Rebuilding America (INFRA) Grant INFRA-9904(017), Move Ahead Washington legislation, and our local sources. There is approximately \$170 million planned for the Project, which is a very large-scale transportation project for a city with a population of only 35,000.

The City is developing the Project using Washington State Department of Transportation's (WSDOT's) Local Agency guidelines to comply with relevant federal regulations to qualify the Project for federal assistance.

The obligation date of September 2024 defined in INFRA-9904(017) Grant Term Sheet Component 3; Segments 1B & 2A, McKittrick RR Underpass and Confluence Parkway Phase 1 (Hawley St.- South) necessitates that the City develop the Project utilizing alternative delivery methods to meet this schedule. To confirm the appropriate delivery method, the City conducted a project delivery method selection evaluation, including a workshop with the City, WSDOT, Federal Highway Administration (FHWA), and other stakeholders. The findings of the evaluation and workshop indicate that a Progressive Design-Build (PDB) method is the most applicable for the Project.

The State of Washington Code (RCW 39.10.280) mandates that all agencies proposing to use General Contractor/Construction Manager (GC/CM) or Design-Build (DB) delivery methods of public works construction, must apply and interview with the State's Project Review Committee. The committee must approve the agency's application for the agency to advance the development of a project using GC/CM or design build methods. The City submitted an application to use a PDB method for delivery of the Project and Washington State's Project Review Committee approved the application on March 23, 2023, and concurred the delivery method provides the best opportunity for innovation, efficiencies in schedule, achieving budgets, and a solution to address construction complexities, which would best serve the public.

In accordance with State of Washington Code (RCW 39.10.330), the City plans to procure a Design-Builder to perform these PDB services using a two-step process: Request for Qualifications (RFQ) and Request for Proposal (RFP). The RFQ Submitters will be evaluated and shortlisted based on qualifications. The RFP Proposers will be evaluated and selected based on their proposal to perform the work. The evaluation will be made with a very minimal price component described in the following sections.

B. Purpose

To gain FHWA's concurrence that the procurement, evaluation, and selection process for the City's Project is acceptable through the proposed Special Experimental Project No. 14 (SEP-14), described in the following workplan.

An environmental assessment (EA) has been submitted pursuant to Section 42 of U.S. Code Section 4332(2)(c) and Section 23 of the *Code of Federal Regulations* (CFR) Part 771 by the City, U.S. Department of Transportation,

FHWA, Washington Division, and WSDOT. Based on comments received and the environmental evaluation, a Finding of No Significant Impact (FONSI) is anticipated upon completion of FHWA and WSDOT's approval. The City anticipates these approvals will be completed in July 2023.

Under 23 CFR 636.302(a)(1), evaluation of price is required in the selection where construction is a significant component of the scope of work if the NEPA process has been completed. Construction will be a significant component to the scope of work; however, the price of the construction work will not be part of the design-builder evaluation or selection process. An evaluation of price, specific to the design-builder proposer's fee percentages will be part of the selection process. The design-builder fee percentage includes all profit, regional and home office overhead expenses, including labor, materials, and other incidental office expenses attributed to work on this Project. **Therefore, the City is submitting this SEP-14 workplan and is requesting FHWA to grant a deviation to 23 CFR 636.302(a)(1), allowing selection of a design-builder to be based solely on qualifications and proposal score where price is evaluated solely on the design-builder fee percentage.**

C. Project Scope and Background

Confluence Parkway will be located in Wenatchee, Chelan County, Washington. The Project will provide congestion relief on State Route (SR) 285 by increasing local street access, connectivity, and capacity for all modes by creating an alternate north/south route. The Project will be a new two-lane arterial street that would begin at the existing intersection of North Miller Street and SR 285/North Wenatchee Avenue extending north over the Wenatchee River on a new bridge connecting to the U.S. Highway 2/Euclid Avenue interchange. The Project also includes the extension of McKittrick Street between SR 285 to the new Confluence Parkway. The Project will improve access and safety for bicyclists, pedestrians, and transit operations along the roadway and waterfront. The Project will enhance safety by eliminating two at-grade railroad crossings. In addition, the Project creates a third evacuation route through the city and will help support the North Wenatchee business district.

The Project is divided into two segments identified as the Confluence Parkway South and Confluence Parkway North. Confluence Parkway South is funded through the INFRA Grant and local sources, defined as Component 3 Segments 1B & 2A, McKittrick RR Underpass and Confluence Parkway Phase 1 (Hawley St.- South) in the INFRA-9904(017) Grant Term Sheet . Confluence Parkway North is funded through the Move Ahead Washington legislation.

Confluence Parkway South(INFRA-9904(017) Component 3) consists of capacity, operations, and safety improvements to approximately 0.35 mile of SR 285/North Wenatchee Avenue and 0.17 mile of North Miller Street, including a major reconfiguration of the existing intersection. North of SR 285, North Miller Street and Hawley Street will be reconstructed to provide approximately 0.63 mile of two-lane arterial street, (one lane per direction), consisting of bike lanes, sidewalks, and turn lanes. North Miller Street will be grade separated under the existing BNSF Railroad tracks. McKittrick Street will extend northerly from SR 285 for





approximately 0.19 mile and will be grade separated under the existing BNSF Railway tracks connecting with a roundabout at North Miller and Hawley Streets. McKittrick Street is a two-lane arterial street, (one lane per direction), consisting of bike lanes, sidewalks, and turn lanes.

Confluence Parkway North consists of constructing a new 1.74-mile, two-lane arterial street, (one lane per direction), consisting of bike lanes, sidewalks, and turn lanes. A new 685-foot bridge will be constructed across the Wenatchee River to accommodate vehicles, bicycles, pedestrians, and other users. Approximately 0.80 mile of the Apple Capital Loop Trail will be relocated adjacent to the Horan Natural Area south of the Wenatchee River and will reconnect to the existing trails north of the river.

The Project has been divided into two segments to align with the funding sources, only permitting the use of INFRA funds for Confluence Parkway South. This also gives the City the flexibility to start sooner to meet the INFRA Grant obligation timeframe for the Confluence Parkway South segment and allow the same design-build team to further advance design and complete the north segments with a supplemental agreement.

D. Progressive Design-Build Overview

The proposed PDB method is an innovative process that is increasingly being utilized by transportation agencies for the delivery of highway projects. PDB delivery places the responsibility for design and construction with a single entity. The phased approach (progressive) allows for early innovation and early involvement to provide foundational objectives to the goals of the Project. The Design-Builder will collaborate with the City, its representatives, and its stakeholders to progress and optimize the design of the Project and prepare preliminary and final construction documents that meet the scope and goals of the Project. The City and the Design-Builder will progress the design together toward authorization of construction work and a guaranteed max price (GMP).

The Project will be developed in two phases using the PDB delivery method.

- **Phase 1 (Validation and Development)** is two steps: the Phase 1A Validation Period and Phase 1B development period.
 - **Phase 1A (Validation):** During the validation period, the Design-Builder performs assessments, reviews, and investigations as necessary that verify the City provided information to establish the Project scope, Project limits, design criteria, and preliminary schedule. The goal of each task order will be to confirm that the task order scope can be completed within the City's established target budget estimated at \$77.9 million. At the conclusion of the validation period, an initial project scope will be established that represents the parties' best determination of an achievable scope of work within the overall target budget.
 - **Phase 1B (Development):** A proposal for the work to perform Phase 1B (Development) will be prepared by the Design-Builder and collaboratively negotiated with the City. During the Project development period, the Design-Builder advances the Initial Project Scope to a level of design that would enable the Design-Builder to develop a GMP Proposal for the Phase 2 work, which is to be within the overall target budget.
- **Phase 2 (Final Design and Construction):** The Design-Builder will complete the released for construction plans, construct the project, achieve final completion, and perform all work and other obligations required under the contract documents.
- **Independent Cost Estimates:** To ensure efficient and effective use of federal and state funding, the City's representative will perform independent cost estimates. This representative of the City will collaborate with the Design-Builder and provide independent quantity takeoffs, prepare independent cost and schedule



estimates, hold cost reconciliation meetings, provide constructability plan reviews, and assist the City in managing project risks. The development of all GMPs and changes during construction will be on an open-book basis, and the City and its representatives will have the right to access and copy all records, accounts, and other data used by the Design-Builder in connection with the preparation of any GMP.

- **Early Work Packages:** The City and Design-Builder may identify a benefit to utilize one or more Early Work Packages (EWPs) to construct the work. Such an EWP would be implemented for a portion or phase of physical construction work that is procured after NEPA is complete but before all design work for the project is complete. The City would consider EWP only after construction risks have been addressed, by both the City and Design-Builder and the scope of work is defined sufficiently for the City and the Design-Builder to reasonably determine price.
- **Off-Ramp Provisions:** In the event that the City and the Design-Builder are not able to enter into a contract for the Phase 2 Final Design and Construction, including any early work packages, the City may initiate a new procurement by another FHWA-approved method.

E. Schedule

In accordance with State of Washington Code (RCW 39.10.330), the City plans to procure a design-builder to perform these PDB services utilizing a two-step process, RFQ and RFP. The following are key dates for the Project's procurement schedule.

Activity	Date
Step 1 RFQ Phase	
Issue RFQ	May 16, 2023
Voluntary submitter meetings	May 24, 2023
Deadline for Submitter questions	June 7, 2023
Response to submitter questions	June 14, 2023
Statement of qualifications (SOQ) due	June 22, 2023
Short list announcement	July 10, 2023
Step 2 RFP Phase	
Issue RFP	July 11, 2023
Proposer confidential meetings	Week of July 24, 2023
Deadline for proposer clarifications	August 18, 2023
Proposals due	August 31, 2023
Proposer interviews, if any	September 13 and 14, 2023
Notice to preferred proposer	September 22, 2023
Execute contract	October 2023
Estimated Notice to Proceed – CP South Task Order 1 (Phase 1A – Validation)	November 2023
Estimated Notice to Proceed – CP North Task Order 1 (Phase 1A – Validation)	January 2024



F. Procurement, Evaluation, and Selection

The RFQ will require each Submitter to provide its qualifications for performing the work required by the scope. Based on the qualifications, the City intends to shortlist no more than four Submitters for the opportunity to respond to the RFP. The Proposers will prepare a proposal outlining its proposed approaches to design, cost estimating, contracting, construction management, and risk management during the design/preconstruction and construction phases. Based on the proposals received, the City may conduct Proposer interviews. Following the evaluation process summarized in the following subsections, the highest ranking Proposer will be determined to be the highest scoring Proposer.

The City will utilize WSDOT's developed selection procedures to provide a fair assessment of the experience and qualifications of the Proposers and their proposed approaches to the Project. The following procedures will be used to determine the selected Design-Builder.

F.1 RFQ Evaluation and Scoring

The City's selection committee will review and evaluate the SOQs according to the requirements and criteria outlined in the RFQ. The selection team will review each SOQ for responsiveness. Verifying they adhered to the compliance of the RFQ. The SOQ will be evaluated and scored in accordance with the following criteria:

- Organizational structure
- Past experience
- Key personnel
- Project approach

Once all the SOQ's have been scored, the shortlisted Submitters will be notified.

F.2 RFP Evaluation and Scoring

The City's selection committee will review and evaluate the proposals according to the requirements and criteria outlined in the RFP. The City intends to carry forward a minimum 10% of the Proposers' final SOQ score into the proposal evaluation process. The Proposal will be evaluated and scored in accordance with the following criteria:

- Management plan and project technical approach
- Scheduling, sequencing, and phasing approach
- Subcontracting approach and open-book pricing approach
- Risk management Approach and Methodology
- Design-Builder Fee Percentage
- A percentage of the Proposer's final SOQ Score

F.3 Proposer Discussions

The City will hold confidential individual meetings with each Proposer as part of the RFP process. The objective of these confidential individual meetings is to allow the Proposer to solicit information, discuss the proposed technical approach and solutions, and discuss issues and clarifications regarding this RFP and the RFP Issuance Draft of the Contract. The City may consider the interactions during these meetings between the Proposer team, and the City as part of its evaluation of future proposals, but the meeting will not be separately scored. If the City elects, it may hold interviews with the Proposers following the submittal of Proposals. The purpose of these interviews is for the Proposer to highlight and explain information provided in their written proposals, express their ideas and qualifications in person, and to express how the information solicited during the confidential individual meeting informed the development of the proposals. These interviews may help the City in its further



evaluation of proposals, but will not be separately scored. These meetings will comply with the requirements of 23 CFR 636 Subpart E.

G. Reporting

The City will report out a summary of its observations of the process at the initial, interim, and final stages of the Project to WSDOT Local Programs and FHWA.

The initial report out will be prepared at the approximate time of award of the negotiated contract Phase 1 (Validation and Development). The initial report will include industry reaction to the PDB process and procurement, a discussion of the contract negotiation process, and a breakdown of the Design-Builder's costs for categories of "design" and "preconstruction", including compliance with FAR cost principles.

An interim report out will be provided at the approximate time of award of Phase 2 (Final Design and Construction). This summary will describe the City's experience with the construction award process, including with respect to competitive contracting and open-book negotiation procedures, the City's approach to determining price reasonableness, and reactions in the subcontractor community, as well as any identifiable effects of the PDB approach on the final pricing.

A final report out will be provided upon completion of the contract for the Project and final acceptance of the work. The final summary will contain an overall evaluation of the Project and the PDB delivery model, along with lessons learned and any suggestions and recommendations for improving the process.