



Memo

Date: 11/12/19

To: Move Seattle Levy Oversight Committee

From: Lorelei Williams, Deputy Director Capital Project Delivery

Subject: Market challenges and potential impact on levy project schedules – Limited pole manufacturers serving Pacific Northwest market, and longer-than-usual delivery time of poles for SDOT Projects

Purpose: SDOT seeks to inform the Levy Oversight Committee (LOC) of current construction market challenges that pose a delay risk to levy project schedules. SDOT strives to be transparent with the Levy Oversight Committee and will communicate project delivery issues when certain challenges become persistent.

Action needed: None; awareness only.

Overview

Currently there are two pole manufacturers that supply signal and lighting poles to Western Washington: Valmont and Ameron. Valmont, based out of Nebraska for fabrication, has historically been the main supplier of poles for SDOT projects, and the historic/typical fabrication and shipment timeline has been 16 weeks, roughly four months. There are other pole manufactures in the United States but, due to industry consolidation and variances in local standards, fabricators typically limit the geographic area to which they supply poles.

Longer timelines for pole field verification, ordering, and delivery

After SDOT issues notice to proceed (NTP), which is the start of construction, the Contractor can proceed with preconstruction activities to finalize pole locations, like identifying underground utilities, which takes roughly three weeks (longer for large-scale projects). Next, the Contractor will work with Valmont's local representative to prepare shop fabrication drawings, which is a process that takes four to six weeks. Once shop drawings are developed, the pole supplier can begin pole fabrication. Valmont is currently taking 21 to 24 weeks to fabricate and ship poles. Ameron, the main competitor, takes 30 weeks to fabricate and ship poles. Altogether, the current total time from NTP to pole delivery is upwards of eight months, and in some cases 10 months.

Unprecedented demand

Valmont's main fabrication facility is in Valley, Nebraska. Record snowfall and cold temperatures during the Winter of 2018/2019 left extensive flooding that occurred at their fabrication plant and caused the facility to close for several weeks. Trucking operations into/out of the plant were severely impacted due to closed roads, which exacerbated delays.

Along with the strong economy keeping Valmont busy, another major pole manufacturer and competitor went out of business last year. This continues to limit the competition and supply locally, and further increases demand put on Valmont's facilities.

Transportation spending nationwide is continuing at high levels. Valmont is seeing exploding demand from telecommunications companies who are increasing their spending to prepare for 5G cellular service. Valmont is adding capacity to their plants to help meet demand, however, the additional

Date: 10/25/2019

To: Move Seattle Levy Oversight Committee & Finance Subcommittee

From: Lorelei Williams, Deputy Director Capital Project Delivery

Subject: Limited Pole Manufacturers and Delivery Time of Poles for SDOT Projects

capacity is being slowed somewhat due to labor shortages for key trades, like drafters. They are experimenting with using drafters from their international operations to mitigate shortages in drafters at their Nebraska plant.

Potential impact on Levy projects and programs

This elongated timeline has the potential to impact projects and programs across the Move Seattle Levy portfolio, from new traffic signals, to paving projects, and Vision Zero corridors. It does not affect our ability to complete projects, but because we don't count a project towards our deliverables until it is fully completed, this has the potential to affect planned accomplishments, specifically for deliverables expecting to be counted late in the year/during Q4. For example, the 23rd Phase II project experienced delays in being captured as completed due to the elongated timeline for pole fabrication and delivery. Additionally, delays are being experienced on a Vision Zero contract package which has the potential to impact this program's 2019 Planned Accomplishments.

SDOT's approach to mitigate for these impacts

1. Build appropriate time into current and future project schedules to account for current pole production/delivery schedule
2. Continue to work with Valmont to keep up to date on their operations and delivery timing, and search/contact other pole manufacturers to understand other available pole procurement options.
3. When beneficial and reasonable, use the opportunity for performing subsurface explorations – preconstruction activities known as “pot holing” – during design phase to avoid risks of redesign and construction delays and save time in the construction schedule by eliminating this step for the contractor during their pole field verification/ordering process.
4. Explore the option to order poles in advance of a construction contract, though additional considerations and logistics should be resolved, including limited storage opportunities and purchasing requirements.