

Forward Pricing Impact on Construction Projects

The King County Multiple Services Department (Seattle Metro) construction management staff entered into an agreement with a contractor for the implementation of a full and final forward pricing formula designed to mitigate impacts of identified and approved changes to the Liquid Stream Contract of the West Point Secondary Treatment Project in Portland, Oregon. Both owner and contractor agreed on key variables and their respective values that were included in a rational formula to compute the cost of the impact for any contract change. These variables were Timeliness, Complexity, Future Impact, Cumulative Value, and Cumulative Number. As each change order took place, schedule activities with appropriate logic ties were also settled and inserted into the overall project schedule. The resulting dollar value and schedule update from the application of this process was formally agreed to be a full and final settlement for impact on each specific change. Through partnering efforts, the Forward Pricing method was successfully implemented and executed at the West Point Project. As a result of those efforts, the contractor had no outstanding claims against the owner resulting from disruption, impact or multiple change to the contract.

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