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Inflation stalls Maine infrastructure projects including new ferry for Peaks Island

The agency that runs Casco Bay ferries spent 5 years putting together \$15 million in funding to replace its 30-year-old Machigonne II. The sole bid for the new boat came in at more than \$22 million.

By [Peter McGuire](#) Staff Writer | July 30, 2021 | [Click here to view online.](#)



The Casco Bay ferry Machigonne II returns to the terminal from Peaks Island on Tuesday. Plans have stalled to build an eco-friendly replacement for the aging ferry because the only bid to build the new vessel was nearly 50 percent over budget. Brianna Soukup/Staff Photographer

Plans to build an eco-friendly replacement for the aging ferry that serves Peaks Island face a setback after the only proposal to build the vessel came in nearly 50 percent over budget.

It is just one of many publicly funded infrastructure projects scaled back or canceled in recent years as transportation agencies, school districts and others struggle with escalating costs for technology, building materials and labor.

“Following an initial request for proposals, we were disappointed to receive only one bid, and further disappointed that the one bid was about 46 percent over budget,” Hank Berg, the Casco Bay Island Transit District’s general manager, said in a statement. “However, we were not entirely surprised given that countless construction projects, ranging from residential construction to bridges and roads, are experiencing similar challenges right now across the region and across the country.”

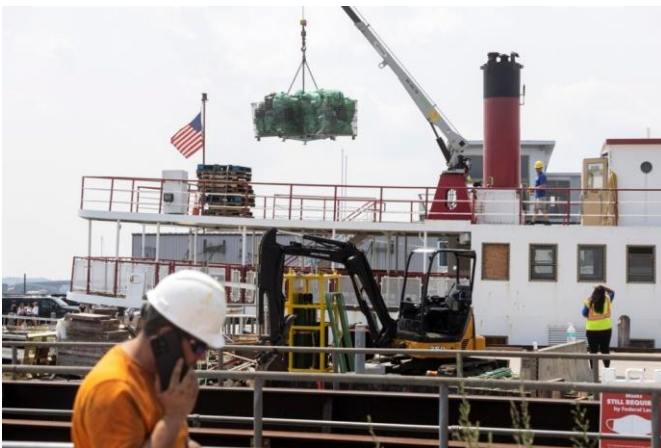
The transit agency, which operates the Casco Bay Lines ferry service, spent the past five years planning and putting together \$15 million in federal, state and local money to replace the 30-year-old Machigonne II, the vessel that carries passengers and vehicles between Portland and Peaks Island.

The planned ferry would have more room for passengers and vehicles and boast a [hybrid diesel-electric engine](#) meant to reduce carbon emissions, noise and fumes. The only bid to build the vessel, from Conrad Orange Shipyard, of Texas, was more than \$22 million.

The ferry line rejected that bid and plans adjustments so future proposals meet its budget. That could include reducing the size of the project – including the possible reduction from a two-generator system to a single generator – adjusting contract requirements and seeking more funding. It plans to pursue another round of bids in three to four months.

“Any project of this magnitude necessitates some flexibility and patience,” Berg said. “This vessel will service Peaks Island for thirty years. The island communities, and our ridership, are extremely proud of our efforts to electrify our fleet and will lead the way in this work. And we will continue to move forward.”

The cost of steel has more than doubled from when the vessel was designed, he said, adding that shipyards face cost increases for energy and labor, too.



A construction worker walks past as Casco Bay Lines employees unload cargo from the Wabanaki at the terminal in Portland on Tuesday. *Brianna Soukup/Staff Photographer*

The unique propulsion system, which would use a hybrid-electric motor, also presents a challenge, he added.

“As this particular vessel involves new-to-the-industry propulsion technology and there are capacity constraints on the shipyards, it is likely that several opted not a guarantee delivery on this boat,” Berg said.

ABB, the Swiss company that designed the planned ferry’s engine technology, plans to work with shipbuilders and offer an extended timeline to bid on construction.

Some of the ferry project’s challenges are unique, but over the past two years, several public infrastructure projects across Maine have been [reduced or canceled because of high construction costs](#).

The Maine Department of Transportation has rejected bids on 15 projects so far this year because contractors' bids came in too far above its budget. In all, the department canceled 17 percent of its work plan for the year, a spokesman said.

Multiple paving projects in Lewiston, the Rangeley and Carrabassett Valley regions, along Route 1 in Nobleboro and Waldoboro, and intersection improvements in Fort Kent and Houlton were among the projects scrapped this year, according to a review of [department records](#).

Escalating construction prices, blamed on high labor and material costs, and limited competition in some parts of the state have worsened in the past two years.

MaineDOT rejected 12 bids in 2020 and 15 in 2019. It rejected nine bids each in both 2018 and 2017, and just three each in 2016 and 2015.

“Construction costs remain high, and in order to be prudent stewards of taxpayer dollars, we have continued to reject some capital construction project bids that came in significantly above the amounts budgeted,” said MaineDOT spokesperson Damian Veilleux. “In some cases of rejected bids, we have opted for thinner treatments to roads that we know need more.”

Other projects have been scaled back or put on hold by prices that far exceeded estimates and available public funding. A four-school renovation project in Portland [came in \\$41 million above the budget](#) set by a voter-approved bond that passed four years ago. Improvements to a [busy intersection in Westbrook](#) faced the same issue last year, among many other infrastructure upgrades.