



U.S. Department  
of Transportation  
**Federal Highway  
Administration**

# Memorandum

Subject: **ACTION:** Best Value Concept Approval  
Under Special Experimental Project No. 14  
Innovative Contracting Practices (SEP-14)

Date: June 22, 2006

***/Signed By/***

From: Dwight A. Horne  
Director, Office of Program Administration

In Reply Refer To:  
HIPA-30

To: Phillip E. Barnes  
Division Administrator  
Ames, Iowa

This is reference to Mr. Joe Jurasic's June 22, 2006 e-mail, which forwarded a proposal from the Iowa Department of Transportation to evaluate "Best-Value Alternative (A-D) Bidding" and "Added Alternative Bidding" under SEP-14.

The draft developmental specifications for the "Added Alternatives Bidding" method indicate that the proposal will identify the available budget and the relative priorities of the base and bid alternatives. The contracting agency will award the contract to the lowest responsive bidder who bids the most alternates and still meets the identified budget – thus the contract is still awarded to the lowest response bidder. While this award method is not commonly used by many contracting agencies, SEP-14 approval is not necessary for this technique.

The draft developmental specification for "Best-Value Alternative (A-D) Bidding" is satisfactory for evaluation under SEP-14. You may proceed with the evaluation of this contracting technique on a limited number of contracts under SEP-14. The Iowa DOT's proposal to provide a single evaluation of this technique at the end of the two-year evaluation period is satisfactory.

You may consider the use of the "Best-Value Alternative (A-D) Bidding" concept to be approved for evaluation under SEP-14. Should you have any questions, please contact Jerry Yakowenko at (202) 366-1562.

