

**PARKS HIGHWAY MP 237 RILEY CREEK BRIDGE
REPLACEMENT PROJECT**

Project No. 0A44(019)/63763

SEP-14 INITIAL REPORT

OCTOBER 20, 2014

TABLE OF CONTENTS

1	Introduction	1
2	Industry Reaction.....	1
3	Solicitation Lessons Learned.....	3
4	Selection and Award Process	3
5	Stage 1 Preconstruction Lessons Learned	4

Appendix A Selection Committee Report

Appendix B CMGC RFP & Addenda

1 Introduction

Alaska DOT&PF utilized the Construction Manager/General Contractor (CMGC) procurement method for the Parks Highway MP 237 Riley Creek Bridge project (Project), the first use of CMGC on a FHWA funded highway project in the State. This project was initiated under the Special Experimental Program No. 14 (SEP-14), and this document provides the initial report as outlined in the approved work plan for the Project.

This report will cover the industry's reaction to the alternative project delivery method, lessons learned and success from procurement and Stage 1 Preconstruction Services, and details of the selection and award process.

2 Industry Reaction

Seven contractors submitted proposals to provide CMGC services for the project as listed below.

1. Hamilton Construction Company
2. Mowatt Construction Company
3. Granite Construction Company
4. Kiewit Infrastructure West Co.
5. Great Northwest, Inc.
6. Yukon Wolverine, J.V.
7. Orion Marine Contractors, Inc.

Baker contacted each contractor for feedback on the RFP and selection process. Only Kiewit and Hamilton provided feedback. The specific feedback is provided below.

2.1 Kiewit

Contact: Rob Ramer

Date: 16 July 2013

Feedback: Rob was frustrated with the selection. He felt the selection reflected a narrow interpretation of Kiewit's response. Kiewit's capacities [sic] above and beyond the base project requirements weren't enough to help them win the project. Kiewit may not compete again for a \$15M project; this is a small project for them. The pricing criterion was unusual and required a lot of work. Kiewit used their typical indirect burden in developing the price. They would like to have seen a greater page limit; only 25 pages was a burden. Rob noted that DOT&PF staff literally interprets proposal responses.

Contact: Damien Skerbeck

Date: 19 July 2013

Feedback: Damien felt the exercise was reasonable, though he thought DOT&PF's expectations could have been clearer in the RFP. Kiewit tried to answer the mail. They didn't care for the price component and couldn't understand why it was used. He said that cost shouldn't be a driver for this type of project; it should be qualifications based. He added that the Design Build Institute of America has guidance on best value procurement.

Damien observed that the recent Copper Valley Electric Authority's Allison Creek Hydroelectric CMGC project RFP looked a lot like the City of Seattle's CMGC template. Damien noted that Portland, Oregon's CMGC model has worked well and is effective at minimizing change orders. He added that any procurement process needs a basis for negotiating changes and that risk can never be completely eliminated.

Kiewit would like to see DOT&PF use more CMGC procurement.

Kiewit was surprised that Hamilton was selected after only having built one bridge in Alaska.

Damien indicated that the cost breakdown in the RFP was not clear. He would prefer it distinguishes between preconstruction and construction costs. Their indirect rate is different for each.

2.2 Hamilton

Contact: Neal Spoon

Date: 16 July 2013

Neal asked why price was a selection criterion. He also asked what would keep someone from "fudging the numbers." Neal stated that the Risk, Schedule, and Budget criteria were clear and that the page limit was appropriate. He noted that the RFP language was geared towards a consultant instead of a contractor. He added that the RFP did a good job at tying the response requirements to the scoring.

3 Solicitation Lessons Learned

Below are lessons learned based on events occurring during the solicitation period and feedback from contractors.

- The response page limit of 20 was appropriate for this size of project. The seven proposals submitted ranged from 17 to 19 pages with an average page count of 18. A larger and more complex project may warrant a greater page count.
- The RFP was advertised on December 17, 2012 with proposals due on February 4, 2013, which is a period of six weeks. The advertising period was longer to account for the holidays. An advertising period of four weeks is reasonable for this size of project. A larger and more complex project may warrant a longer advertising period.
- With the exception of construction cost, the RFP response criteria were relevant and appropriately weighted.
- The RFP included six addenda as listed below.
 1. Added data to project website
 2. Announced locations for pre-proposal conference
 3. In price response, changed unit for borrow item to tons
 4. Revised construction cost criterion language
 5. Made pre-proposal conference video password link available; made sample Excel score sheets available
 6. Further revised construction cost criterion language
- The construction cost criterion was difficult to define. The sixth addendum increased the definition and removed some of the uncertainty surrounding the accuracy of submitted cost. At the same time, it increased the proposal production effort for offerors. The construction cost criterion comes across as a relic or carry-over from design-bid-build procurement. A construction cost criterion is contrary to a qualifications based selection. Furthermore, it provides little value in validating the accuracy of costs because costs will be reviewed and negotiated using an Independent Cost Estimator (ICE) over several phases of design development.
- For future RFP's, depending on the design level available, a Stage 2 fee percentage may be more appropriate cost criteria as opposed to bid schedule.

4 Selection and Award Process

Seven proposals were submitted to DOT&PF. Proposals were evaluated from 7 - 11 February 2013 by five DOT&PF evaluators. The evaluators included the design project manager, the roadway designer, the construction project manager, and the two bridge engineers. Hamilton Construction Company had the highest proposal score and was awarded the work. No protests were filed. The proposal total scores are shown in Table 1.

Table 1. Proposal Scores

Offeror	Total Score
Hamilton Construction Company	2032
Mowat Construction Company	1951
Granite Construction Company	1768
Kiewit Infrastructure West Co.	1668
Great Northwest, Inc.	1649
Yukon Wolverine, J.V.	1301
Orion Marine Contractors, Inc.	640

5 Stage 1 Preconstruction Lessons Learned

Below is a summary of lessons learned identified by the team on September 10, 2014 at the initiation of Stage 2 Construction Services.

5.1 Risk Assessment

- Identifying risks early and tracking them as the design progressed allowed for mitigating the risks.
- The schedule and traffic control were the two most substantial risk items.
- This project wasn't overly complex; had it been, the team would have spent more time tracking and mitigating risk.

5.2 Innovations

- Construction technique information provided by Hamilton helped DOT&PF bridge and roadway designers.
- Spray membrane, pile pinning, and special pile excavation contingent sum item were the most substantial innovations.
- Bridge option cost estimates developed by Hamilton were very useful.

5.3 Schedule

- Early work packages would have allowed the construction schedule to be accelerated.
- A detailed preconstruction schedule should be prepared at the beginning of the process to provide clear direction and minimize confusion.
- Design and construction schedules should include more detail of the activities that occur in the month before and after GMP negotiation.

5.4 Estimates

- Need to reconcile contractor and ICE estimate discrepancies early to minimize GMP negotiation effort, e.g. agree on labor and equipment rates early in the process.
- Need to allow more time (at least 10 days) for DOT to review and analyze contractor and ICE estimates before meeting to negotiate.

5.5 Other Observations

- The regular, open and collaborative communication contributed a lot to the project's success.
- The team was able to better address sensitive permitting issues and did so during the design phase.
- Involving the resource agencies in the process helped to build trust. Having stakeholders involved was important.
- Future CMGC RFPs should clearly communicate DOT&PF's expectations. The RFP scope should define the level of estimating, define the level of detail for each phase, and describe the coordination required with stakeholders. A clear scope will attract the best contractors.
- Contractor CMGC outreach should continue for the next five projects. That will allow DOT&PF to refine the presentation.
- CMGC requires a substantial time commitment from the contractor. They need to consider if it is a worthwhile return on the investment.
- Identifying the entire team up front is advantageous to the project. Construction's presence during the design phase is incredibly important to everyone, especially the bridge designers. This is one of the big advantages of using CMGC.

Please contact the [Alaska Department of Transportation and Public Facilities](#) for the attachments

Archived