

## **Work Plan**

### **Special Experimental Project No. 14 (SEP-14) Idaho Transportation Department**

### **Fixed Budget/Variable Quantity Contracting Statewide Programmatic**

**January 11, 2013**

#### **INTRODUCTION**

The Idaho Transportation Department (ITD) submits this work plan for review and programmatic approval under the provisions of Special Experimental Project No. 14 (SEP14) for the use of innovative contracting practices.

#### **PURPOSE**

Fixed Budget/Variable Quantity bidding is an innovative bidding technique where a contractor bids a quantity of installed material for a fixed price. The contractor that bids the most quantity wins the bid. In the event of a tie, the contractor that bids the lowest number of working or calendar days will be the winning bidder. Using this Fixed Budget/Variable Quantity contracting technique will help ITD achieve one of its Strategic Goals, to “implement innovative business practices”.

Other expected benefits of this contracting method are to reduce administrative work and speed project delivery, while controlling costs to keep the projects within budget.

#### **SCOPE**

This contracting method can be applied to the following project types:

- Seal coats
- Guardrail
- Fencing
- Striping
- Guardrail End Treatments
- Sign Upgrades
- Bridge Deck Treatments

These project types lend themselves to this type of innovative contracting because their scope is consistent and repetitive in nature throughout the length of the project.

## **SCHEDULE**

Projects utilizing this contracting method will be constructed within a single construction season. A minimum and maximum working day range will be based on the engineer's estimate.

## **EVALUATION**

In order to evaluate the success of this bidding technique, the ITD will measure three metrics:

1. The overall construction engineering and inspection costs will be analyzed and compared with other similar, conventionally contracted projects. Generally, ITD considers construction engineering and inspection costs to be efficient if less than 10% of the bid amount is spent on these activities.
2. The final construction cost, including change orders, will be compared to the bid amount in terms of a percentage, for the proposed versus the conventional contracting method. Generally, ITD considers a project to be successful if it is constructed within 105% of the bid amount.
3. Industry reaction will also be measured by interviewing the Contractor, the Resident Engineer, and District management to obtain their opinions on how well the bidding technique was received by industry.

## **REPORTING**

ITD will prepare and submit a final report to FHWA after project final acceptance by ITD. The report will contain an overall evaluation of the project, along with any suggestions and recommendations for improving the process. To reduce administrative work, each district can elect to produce a single report covering all SEP14 programmatic projects for each construction season, provided they report project specific findings under the different project category types.