



Minnesota Department of Transportation  
Office of Construction and Innovative Contracting  
395 John Ireland Boulevard  
Saint Paul, MN 55155

July 19, 2016

Ms. Arlene Kocher  
Division Administrator  
FHWA – Minnesota Division  
380 Jackson Street, Suite 500  
St Paul, MN 55101

RE: Special Experimental Project 14  
Indefinite Delivery / Indefinite Quantity (ID/IQ) Contracting

Dear Ms. Kocher:

Attached is a Special Experimentation Project No. 14 (SEP-14) application to use Indefinite Delivery / Indefinite Quantity contracting on federal aid projects. MnDOT has used ID/IQ successfully on over 50 state funded project and one federally funded design-build project. We have found this tool very effective in delivering projects. In particular, we feel this tool will help us increase our obligation percentage for HSIP funding.

Based on our success, we are requesting limited authority to use ID/IQ on up to 15 federally funded projects. We have modeled this application based on discussion with your staff and other similar SEP-14 applications on the FHWA website.

We look forward to hearing from you on this request. If you have any questions, please contact me at 651-366-4228.

Sincerely,

**/s/**

Tom Ravn, PE  
State Construction Engineer

Enclosures

Cc: Kevin Kosobud, MnDOT OCIC  
Jay Hietpas, MnDOT State Traffic Engineer

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State of Minnesota  
Department of Transportation



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**APPLICATION FOR  
SPECIAL EXPERIMENTAL PROJECT:**

**Limited Programmatic Use of Indefinite  
Delivery / Indefinite Quantity (ID/IQ)  
Contracting**

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## A—INTRODUCTION

The Minnesota Department of Transportation is requesting SEP-14 approval for the implementation of Indefinite Delivery / Indefinite Quantity (ID/IQ) contracting on up to 15 (fifteen) non-emergency projects. These fifteen projects would primarily be delivered using design-bid-build, but may also include design-build projects.

MnDOT has already successfully used ID/IQ delivery on one federal aid design-build contract and over 50 design-bid-build state funded projects totaling more than \$75 million. ID/IQ delivery started in 2013 with the federally funded Rural Intersection Conflict Warning System (RICWS) design-build project. The base RICWS contract required 20 systems, but allowed MnDOT to extend the contract up to 50 systems over three years. MnDOT successfully installed all 50 systems under this contract.

For state funded ID/IQ projects, MnDOT has used this methodology on a variety of projects, including micro-surfacing and seal coating, culvert replacement, culvert lining, crack sealing, bridge epoxy chip seals, LED lightings, noise wall repairs, and bituminous mill and overlay. ID/IQ can quickly add work to open contracts in approximately 7 days compared to several months via procuring a separate contract. It has also reduced the number of contracts to administer from 46 to 19.

ID/IQ contracting is already part of MnDOT standard practices. Standard specifications, processes, forms, and contract administration policies have already been developed and used. They can be found on the following website (<http://www.dot.state.mn.us/const/tools/idiq.html>).

## B—PURPOSE

This proposal will further allow MnDOT to use ID/IQ on federally funded projects. In particular, MnDOT will be able to maximize how federal funds are spent, in particular delivering safety projects using HSIP funds more quickly. This should greatly assist in meeting our HSIP obligation and Towards Zero Death goals. In addition to the project types ID/IQ has already been used in Minnesota, MnDOT anticipates expanding ID/IQ to adding high tension guardrail, district wide pavement marking projects, roadside delineators, rumble strips, signing improvements, and other types.

The implementation of an ID/IQ approach will provide the following benefits:

- Ability to quickly make safety and mobility infrastructure improvements compared to other contracting methods.
- Reduces project delivery time and costs
- Improved quality. If the contractor does not provide a high quality product, MnDOT has the option to re-let the additional intersections under a separate contract after the minimum is satisfied.
- Simplified contract administration process

- Allow MNDOT to capitalize on a single procurement process.

## C—SCOPE

The scope of this application is limited to fifteen non-emergency contracts. Similar to the process successfully used on over 50 state funded project, ID/IQ will be competitively bid (with work awarded to the lowest responsive bidder) for given work items within a specified geographic region. Contractors will bid “estimated” individual work items within the contract without knowing the actual quantities or exact work locations. Each contract will contain a minimum contract amount, maximum contract amount, and specified contract duration.

If MnDOT elects to add work above the minimum contract amounts, Task Orders will be issued to add locations. The task orders will specify the location, cost estimate using the bid prices, time frame for completing the work, and for encumbering funds. The task order will also be used to confirm that all appropriate permits have been obtained, environmental clearances (NEPA) have been completed, DBE goals have been met, and utilities have been notified (see attached).

The contact will expire at the end of the specified contract duration or if the maximum contract value is reached, whichever occurs first. The contract may not meet the maximum amount if funding does not become available or MnDOT elects to not add work.

Prior to letting any project, MnDOT will update current ID/IQ procedures to include the federal process. This includes adding a requirement to clear NEPA on all proposed areas of work and identify the federal authorization process.

## D—SCHEDULE

~~MnDOT requests approval to use ID/IQ for 15 projects or over five years, whichever comes first. MnDOT has agreed to the following language change (09/14/2016):~~

“MnDOT requests approval to use ID/IQ Contracting for up to 15 non- emergency contracts or for a period of 5 years extending from the date of FHWA's approval of the SEP-14 workplan. Contracts that are under construction when the 5-year period expires will be allowed to proceed to completion.”

## E—MEASURES

This innovation of ID/IQ contracting will be measured using the following:

1. The cost of the contract versus the engineer’s estimate to determine the cost impact of ID/IQ.
2. The number of task orders added and dollar amounts.
3. The effectiveness of ID/IQ contracting on different work types.

4. The ability of the Contractor to meet subsequent established substantial completion dates.
5. Quality of work.
6. Industry reaction to the procurement process.
7. Timeframe to execute task orders compared to other contracting methods.
8. Lessons learned and suggestions for improvements on future innovative procurements.

## F—REPORTING

MnDOT will provide a report to the FHWA evaluating the measures listed above. MnDOT's report will be completed within six months of the end of the last project.

*From FHWA's 09/19/2016 Approval memorandum regarding Section F - Reporting:*

- a. As MnDOT will let up to 15 ID/IQ contracts with this workplan, they should provide the FHWA Minnesota Division with annual summaries of the work performed (e.g. types of projects, contract size, etc.).*
- b. Upon conclusion of this SEP-14 project, MnDOT should provide an evaluation of all projects that compares the eight measures listed under Section E--Measures.*
- c. The final evaluation should provide specific comments regarding FHWA requirements associated with ID/IQ use (e.g. DBE, prevailing wage, NEPA clearance, Right of Way Certification, etc.).*

Based upon our past experience with using ID/IQ on federal and state funded projects, we are anticipating very successful projects. MnDOT looks forward to collaborating with FHWA throughout the life of this study.

**TASK ORDER NO. #**  
**Federal Funds**

CONTRACTOR NAME AND ADDRESS:	STATE PROJECT NO.
	TASK ORDER GRAND TOTAL: \$ XXX,XXX.XX
LOCATION OF WORK:	CONTRACT MAXIMUM: \$ XXX,XXX.XX

This Contract is between the State of Minnesota, acting through its Commissioner of Transportation, and Contractor as follows:

**I. SCOPE OF WORK**

In accordance with S-xx from the Contract, the following work is hereby authorized by this Task Order.

This Indefinite Delivery/Indefinite Quantity (IDIQ) Contract provides for fill in the original scope (what work is to be performed) at the locations where this task order will be performed.

(this information can be in written or tabular form, but must give an adequate description and be inserted here)

The Engineer has determined that the work shown below will be performed and payment for this Task Order will be at the Contract and Negotiated Prices as shown in Section II. Cost Estimate.

Contract time for this Task Order will be assigned in accordance with S-xx from the Contract and as described in Section III. Impact Delay Analysis. Contract Time will not start until the Engineer informs the Contractor in writing to proceed. The Contractor will not proceed with Construction until receiving notice from the Engineer.

This Task Order covers the known and anticipated costs attributable to the work covered by this Task Order. If the Contractor incurs unknown and unanticipated additional work that affects cost or impacts the critical path, the Contractor reserves the right to request an adjustment to the Contract Amount or Contract Time in accordance with MNDOT 1402.

**TASK ORDER NO. #**  
**Federal Funds**

II. TASK ORDER ESTIMATE OF COST

Group XX – SP XXXX-XX TH XX at Location XXXXX						
Line No.	Item No.	Description	Unit	Quantity	Task Order Unit Price	Total Price
<b>IDIQ CONTRACT ITEMS (from TOIL)</b>						
<b>Subtotal</b>						
<b>Non IDIQ CONTRACT ITEMS (from Bid Schedule)</b>						
<b>Subtotal</b>						
Per Special Provision S-XX - Mobilization						
<b>Cost Escalation Year 1</b>						
<b>Cost Escalation Year X</b>						
<b>Negotiated Items</b>						
<b>Subtotal</b>						
<b>Contingency Items:</b>						
Incentives						
Material Invoices						
Other (Up to 2% of Task Order Total)						
<b>Subtotal</b>						
<b>Total</b>						

III. IMPACT DELAY ANALYSIS

This Task Order requires that :

Construction Operations on this Task Order be started on or before Month, Day, Year.

All work for this Task Order Contract will be completed within xx Working Days.

IV. ATTACHMENTS (Check appropriate box)

NEPA Clearance Obtained:  Non-Programmatic Categorical Exclusion  
 Programmatic Categorical Exclusion

Office of Civil Rights:  DBE/TGB/Vet's Preference Goal Met or  Waiver Form Attached (If Required)

Utilities have been notified:  No impact  Adjust/Relocate  Reimbursable

**TASK ORDER NO. #**  
**Federal Funds**

Utility Certification:  MnDOT Utility Certification Form Attached (Required)

Right of Way Certification:  MnDOT Right of Way Certification Form Attached (Required)  
 Public Interest Finding Attached (If Required)

Railroad Agreements:  No Railroad Agreement Required  Railroad Agreement Attached

Permits Required and Attached:  Watershed,  DNR,  COE,  Judicial Ditch Authority,  SWPPP

Funding Authorization, Source and Control Section Funding:

Contracts with a Maximum Amount of \$ 4,000,000.01 or Greater: IDIQ Budget Tracking and IDIQ Control Sections Attributes Forms Attached. (Required at the time of final submittal to OCIC for approval)

Contracts with a Maximum Amount of \$ 4,000,000.00 or Less: IDIQ Budget Tracking Form Attached. (Required at the time of final submittal to OCIC for approval)

**V. SIGNATURES**

	<b>Signature</b>	<b>Date</b>
Project Engineer		
Contractor		
Assistant District Engineer (DSAE)		
Commissioner of Transportation Pursuant to Delegation		
Commissioner of Administration Pursuant to Delegation		
Consultant Contract Administration (Recommendation for approval)		
Local Agency (if funded wholly or in part by Local Agency funds)		