

Final Report for Special Experimental Project 14 (SEP-14) Evaluation

Report of contractor Selection Using Lump Sum Bidding Approach

For: Special Experimental Projects 14 (SEP-14)
Proposed by: Colorado Department of Transportation
Contact Person: Don Scanga – Pueblo, CO

I. Introduction

The City of Trinidad submits this final report under the provisions of Special Experimental Project No. 14 (SEP-14) for the use of innovative contracting practices on the Trinidad Welcome Center Rahab Project.

The Colorado Department of Transportation (CDOT) and the Federal Highway Administration granted the City of Trinidad grant monies for the Trinidad Welcome Center Rehab Project. The Project, which is funded in part by the National Scenic Byway Program, was a facility remodel project designed to bring the Trinidad Welcome Center into compliance with ADA guidelines through installation of automatic doors, a handicap compliant access ramp, and accessible restroom. Traditionally, CDOT had used an individual line item bid method for their projects. However, CDOT approved a lump sum bidding approach, and felt the lump sum bids were adequate since that is how the Project Manual was organized.

The safety of the residents and visitors depends on a reliable, functioning Welcome Center, so CDOT had to be comfortable with the lump sum bid method, Offeror's technical approach, management plan, staffing plan, QC/QA plan, past performance and facilities as well as their price. Consequently, City of Trinidad proposed to use an innovative contracting practice for the project and submitted a request Lump Sum contract variance, which was granted on March 16, 2016.

II. Background

The original Submission date for this project was December 2011. Due to numerous personnel changes within the City of Trinidad, and other projects taking priority of limited staff, the Project was in jeopardy of losing funding if the design portion was not submitted to the state by August 29th, 2015.

A Request for Proposal for this project was published on June 30th, 2015 through July 16th, 2015, at which time four companies responded with proposals. After consideration by the City, Weidner and Associates of Pueblo, Colorado was chosen for the design portion of the project. With the approval of Trinidad City Council, Weidner and Associates was awarded the contract for design on July 21, 2015.

Weidner and Associates completed the design phase and all clearance letters were submitted to the State by August 28th, 2015 and notice that the Project had completed the clearance process was received on September 1st, 2015. The State reviewed the Project Specification Book and Plans as well as all clearance letters and issued a Notice to Proceed on October 14, 2015, followed by a Notice to Proceed to Advertise on October 15th, 2015.

Advertisements for Bids were published on November 6th, 2015 with a bid opening date of December 4th, 2015.

Schauer Construction, of Colorado Springs, was the low bidder of the four responding companies. Their lump sum bid, as requested in the approved Project Manual, was \$355,300.00. City Council approved the recommendation of accepting Schauer's bid on January 5th, 2016. All of the required forms and documents were submitted to the State on January 8th, 2016. On the 11th of January, Marci Gray with the State of Colorado Contracts and Market Analysis department, requested the line-by-line pricing for the bid tab from the bidders. Don Scanga, Region 2 Local Agency Coordinator with CDOT reviewed the submitted bid tabs and concurred that Schauer Construction could move forward. Ms. Gray responded that this was unusual, and she needed to do more research. Later that same day, Don Scanga requested an itemized bid tab from Schauer for the Project. Schauer submitted a Schedule of Values on January 15th, 2016, at which time Ms. Gray requested bid tabs from the three other bidders as well. The City replied that we did not have bid tabs because they were not asked for in the bid package, only a lump sum. The responding bidders did submit their Design Summary Statements, but these documents did not contain the quantity and multiplier requested by the State.

In an email dated January 20th, 2016, Mr. Hayson (who was the Local Agency Coordinator for CDOT at the time) informed the City that itemized breakdowns were going to be required by FHWA to facilitate their measurement and payment process. In a follow up email on January 22nd, 2016, Mr. Hayson notified the City that the itemized bid tabs would be required by January 28th, 2016. On February 4th, 2016, the City received notice from FHWA through Mr. Hayson that we would need to request a SEP-14 approval for this Project for a lump sum variance. This variance was granted on March 3, 2016.

Construction commenced on March 9, 2016, and was completed in September 2016.

III. Outcomes

The Lump Sum Bidding feature had two purposes/objectives including greater cost certainty and reasonable bid prices.

The final construction contract total was increased by only 0.61% due to unforeseen circumstances during the construction period, which is considered to be quite small in relation to standard design-bid-built project which typically experience larger increased costs due to measured quantities.

It is understood that the other cost adjustments related to Scope and contractual Terms are independent of the Lump Sum Bidding feature, as these costs would have also been incurred on a standard design-bid-built project.

Given the relatively small increase in the final construction contract total due to quantity variations, it is the City of Trinidad's assessment that the cost certainty purpose/objective was achieved.

IV. Lessons Learned

There were notable items identified during the project implementation related to the Lump Sum Bidding feature which can be categorized as "lessons learned".

Risk Transfer of Quantities to the Contractor: This concept worked generally well in terms of alleviating claims against overrun of plan quantities. Change orders for over/underruns of existing contract items were limited to changes in the work, whether by addition or deletion.

Communicating Specifics of “Lump Sum” Bidding Concept: As noted above, the Lump Sum Bidding feature did achieve the intended objective of price certainty for variation of quantities from plan quantities to actual quantities. However, as is the case with all projects, there were other legitimate project factors, some of which were unanticipated at the outset of the project, which led to an increased construction contract price total.

Revenue Loaded Schedule for Payment Application: The concept is good and has merit as an industry best practice. However, special attention needs to be paid to how the schedule is loaded. The schedule needs to provide an adequate level of detail in the type and number of activities to be able to accurately track the revenue and progress.

V. Conclusions

Overall, the City of Trinidad is satisfied to very satisfied with the Lump Sum Bidding Feature adopted for the Trinidad Welcome Center Rehab. The use of the Lump Sum Bidding feature was successful in meeting the City’s intended purposes and objectives in that it did provide cost certainty while not causing bid prices to be unreasonable. It is the City of Trinidad’s intent to maintain this feature as a viable implementation method for potential use on future projects, with alterations to said method to address the items contained in the lessons learned section of this report.