



# Memorandum

Subject: **ACTION:** Maryland Time and Materials (T&M)  
Contracting Method under Special Experimental  
Project No. 14 (SEP-14)

Date: March 4, 2022

*Digitally signed by BRIAN JEFFERY FOUCH Date: 2022.03.04 13:09:48 - 05'00"*

From: Brian J, Fouch  
Director, Office of Preconstruction, Construction,  
and Pavements

In Reply Refer To:  
HICP-20

To: Gregory Murrill  
Division Administrator  
Baltimore, MD

This memorandum is in reference to a February 17 email from Lourdes Castaneda of your office which transmitted a Maryland Department of Transportation State Highway Administration (MDOT SHA) workplan for the use of the Time and Materials (T&M) Contracting under Special Experimental Project No. 14 (SEP-14).

It is our understanding that MDOT SHA has executed projects using this method for approximately 20 years using 100% State funds. To evaluate this work using Federal-aid funds, a SEP-14 Workplan was approved by this office on March 11, 2020. Since that time, additional performance measures were included in this SEP-14 workplan to evaluate its cost effectiveness.

We appreciate the efforts of Ms. Castaneda and others on your staff who have worked with us to resolve workplan issues, particularly regarding SEP-14 workplan performance measures.

## **MDOT SHA Development of T&M Contracts**

- The MDOT SHA uses this method for bridge preservation work - to maintain existing structures until they are programmed for rehabilitation, reconstruction, or new construction. If elements of the bridge (except the deck) are deficient, repairs are performed to elevate the overall bridge rating. The reason that decks are excluded from this scenario is that with a deficient deck, the MDOT SHA would consider the entire bridge to be rated deficient, and would then program the bridge for rehabilitation, reconstruction, or new construction.
- Rather than developing traditional unit-price contracts where the labor, material, and equipment is considered incidental to the other items of work, MDOT SHA pays for the majority of the work with items for labor (Skilled, Foreman, Welder, etc.), equipment (Flatbed Truck, Air Compressor, Dump Truck, Concrete Mixer, etc.) and materials, each with their own markup. These items are all measured and paid by the amount of time they are used (hourly, daily, monthly, etc.) or by the quantity of materials used.

- The contract contains items for commonly used Maintenance of Traffic equipment (Cones, Drums, Protection Vehicles, etc.). Typical lump sum items like mobilization and maintenance are not included in the contract and are considered subsidiary to other items.
- As quantities and the total number of task assignments are unknown at the time of bidding, the contract includes five additional items (Materials for Structural Rehabilitation, Specialized Equipment for Structural Rehabilitation, Subcontracting for Structural Rehabilitation, Travel Expenses, and Railroad Expenses) with pre-established prices to ensure that the contract has enough funding to carry the contract through its two year duration. These items address all other miscellaneous expenses that are incurred. Payments are based on receipts, invoices, rental agreements, and/or blue book rates for material and equipment that are used on the contract, plus a pre-established markup. The documentation will be attached to the Inspector Daily Reports for each task assignment before payment will be made.
- Contracts are advertised using the traditional design-bid-build method and are awarded to the lowest responsive, responsible bidder.
- After award, the MDOT SHA provides a list of previously programmed task assignments to the contractor. Most task assignments are completed with in-house engineers, with other, more complex tasks designed by consultants.
- Emergency responses and repairs are 100% State funded. As MDOT SHA has a limited number of crews, crews may be diverted from non-emergency work (whether Federally funded) to these emergency tasks.

Other details may be found in the SEP-14 Workplan.

We are programmatically approving MDOT SHA's request to use the Time and Materials Contracting Method on Federal-aid projects under SEP-14 for a period of 2 *years*.

Thank you for the opportunity to review and comment on this SEP-14 request. Should you have any questions, please contact Brian Hogge at (202) 366-1562, or John Huyer at (720) 437-0515.