

January 22, 2021

Mr. Bill Lohr
Field Operations Team Lead
FHWA – Minnesota Division
180 East Fifth Street, Suite 930
St Paul, MN 55101

RE: **Special Experimental Project 14
Locked Incentive Date (LID) Evaluation Report
Follow Up Correspondence**

Dear Mr. Lohr:

Please accept this follow up correspondence for the Special Experimental Project 14 – Locked Incentive Date (LID) Evaluation Report. Since our previous report in February 2015 the Department was recently provided an email correspondence on December 17, 2020 from Ms. Abbi Ginsberg. In her email was an embedded email from Mr. John Huyer dated February 7, 2020. Mr. Huyer requested that the Department provide additional information with respect to 7 specific questions. I have provided information to try and answer those requests below. Since our previous report in February 2015, the Department has received permission through the Minnesota Division Office to continue its cautious use of the LID specification. I have included any additional lessons learned from those projects as well. The specific questions the Department was asked to address include:

1. How did the specification perform on the projects where it was used?
2. What was the impression of the contracting community?
3. How did the lid perform on the projects yet to be constructed/completed? (New)
4. Did the LID Bonus provide enough motivation to the contractor to complete the work by the Locked Incentive Date? (new) This was an issue for one of the projects in the 2010 report.
5. If the LID specification was removed by Change order – why?
6. For the completed projects, were there unusual events that occurred during the prosecution of the work that may have affected the LID? The State government shutdown, materials delays, etc. (my understanding from Dave Scott was that at least one of these projects may have been affected by the 2011 State Government shutdown).
7. How did MnDOT address these issues?

Narrative for each project and summary of answers for each project:

1. SP 6244-30 (TH 52) Lafayette Bridge - completed

The Lafayette Bridge was impacted by the Government shutdown. Lafayette Bridge had a LID due to critical timing and coordination with Light Rail Transit (LRT) construction. The Department needed to get our work completed over the LRT maintenance facility before they began their work. The LID was very effective. We had the state shutdown during this timeframe and the contractor tried to make unsubstantiated claims that the shutdown impacted steel tub fabrication. These were denied and ultimately the contractor developed an alternate staging plan to complete the work over the LRT maintenance facility in order to complete the work and attain the LID incentive. This project likely would have had major staging and coordination implications without the LID.

2. SP 8221-01 (TH 36) St. Croix Bridge - completed

The contractor planned to obtain the LID incentive in their original CPM schedule. There were multiple delays that effected the contract time on this major project (\$330 million). Some of these delays were owner caused, some were supplier and fabricator caused (some of which were unforeseen and forgivable delays), some were designer caused delays and some were contractor caused delays. Because of these delays, there was a major contract time extension on the project twice and the contractor was not able to attain the LID. The contractor was motivated to obtain the LID, but due to multiple major contract delays listed above, the work was not completed by the LID date. The LID date was not removed by Change Order but was reestablished after the first major contract time extension due to an unforeseen, forgivable delay of the fabrication of the segment casting forms (among other issues included in the Lump Sum settlement). As part of the time extension negotiation, both the owner and the contractor were interested in maintaining a new, reasonable LID that would benefit both parties if achieved. The LID was reestablished, at a later date and lesser amount, to account for the forgivable contract time extension. This project did have some unique events that affected the LID. The death of an owner and departure of lead engineer at the segment form fabricator shop initially delayed critical bridge precast segment work. In addition to this additional delay, the contractor cited significant design deficiencies that greatly impacted the performance of their work. To address this the Department, the contractor and the designer participated in extensive facilitated partnering sessions and negotiation for over two years. Neither the original LID, nor the reestablish LID were able to be attained. There was no compensation included in the ultimate settlement with the contractor for the potential value of either LID. Regardless of

all the issues on the project, the contracting community was still positive about the use of a LID on the project.

3. SP 2785-330 (I-494) I-494 Unbonded Expansion - completed

The LID specification worked very well. The work was completed early and the Contractor earned the incentive. Nothing unusual was noticed during the project that affected the LID. The contractor did work some OT to overcome rain events. They also secured fly ash quantities to complete the work prior to starting the job. The previous construction season experienced a fly ash shortage. Because of the Contractor's strategy this ended up not being an issue during this project. There was not an apparent reaction to the LID, other than it got their attention and they were striving for it for the complete duration of the project.

4. SP 6215-99 (TH 51) Snelling Bridge and Rehabilitation - completed

A low dollar LID was used on the project to help ensure the timely opening of the Snelling bridge over I-94. This was due to the need to get it open before the State Fair. Even though it was a relatively low dollar LID, it provided enough motivation and work was completed by the LID date. The contracting community did not have any positive or negative comments/concerns noted for this project.

5. SP 2781-432 (I-94) 50 Bridges Project - completed

This project did not have any unusual events that effected the LID performance. There was an extremely high volume of bridge and pavement rehabilitation work on this project which required good project management from the contractor and close coordination with their subcontractors to maintain their schedule and production. One observation was that the contractor originally ordered the incorrect tile for the tunnel rehabilitation and could have caused a delay. The Contractor chose to reorder and keep the contract on schedule. This project featured the use of Partnering and the topic of the LID was discussed at these meetings. The Contractor did not have any specific comments about the LID but was clearly motivated by its inclusion in the contract.

6. SP 2732-105 (TH 5) Airport – completed

This project was organized and planned for construction during the 2020 season. At the very beginning of the project (preconstruction conference), the Contractor stated that their schedule would not be striving for an early completion to achieve the LID. While they appreciated the inclusion of the LID in the contract, other circumstances outside of this project did not have them considering an early finish. To further emphasize this point, this project occurred during the initial stages of the COVID pandemic. The project was to be constructed on the main access to the Minneapolis/St. Paul Airport. The whole state/nation was asked to

go into lockdown except for critical infrastructure businesses and industries. In Minnesota, this included heavy highway construction projects. These circumstances dramatically changed the traffic volumes accessing the airport. With these conditions, the project team made some staging changes that removed temporary work that potentially saved one month of time. This change was still not enough to have the Contractor try for the LID. The project did have an overrun of Concrete Pavement Repair quantities and encountered unanticipated rock excavation necessary for drainage installation. Although these added to the project schedule, the project was completed on time, without the utilization of the LID.

These projects have shown that LIDs can be an effective tool to aid in accelerating completion of critical projects. The use of the LID specification does not ensure that acceleration will be successful nor even strived for by the Contractor. The Department also notices a trend that this specification looks to be more desired in our Metro District which has much higher volumes of traffic than the outstate areas and accounts for approximately one-half of the State Construction Budget.

Based on the information provided this Letter and findings in the previous reports the Department requests programmatic SEP-14 approval to use the LID specification on our Design-Build (DB) and Design-Bid-Build (DBB) projects. The Office of Construction and Innovative Contracting will continue to oversee the implementation of this specification under the DBB umbrella, while Design Build Project Manager will perform these operations from the Office of Project Management and Technical Support for our DB projects.

The Department does not expect to use the LID Specification very frequently, but does see value with projects that have an extreme impact on our traffic volumes, Projects that have potential corridor conflicts if not completed on time and projects that have heavy impacts on businesses which cannot be avoided. We look forward to hearing from you on our programmatic request.

If you have any questions, please contact Kevin Kosobud (218-310-3677) or myself at 651-295-4194.

Sincerely,

Digitally signed by Thomas Ravn
Date: 2021.01.22 15:09:29 -06'00'

Tom Ravn, PE

State Construction Engineer

CC: Chris Roy

Peter Davich

Kevin Kosobud

Equal Opportunity Employer