

**INNOVATIVE CONTRACTING PRACTICES
SPECIAL EXPERIMENTAL PROJECT NO. 14**

**BEST VALUE AWARD IN DESIGN-BID-BUILD
Stone Arch Bridge Project
Minnesota Department of Transportation
Metro District**

July 11, 2023

Introduction and Purpose

The Minnesota Department of Transportation (MnDOT) is planning to rehabilitate the Stone Arch bridge in Minneapolis. The structure is in need of specialized masonry repair. The preliminary estimate for this project is roughly \$26 million dollars. It is anticipated that construction on this corridor will last for three construction seasons (2024 through spring 2026). More project details can be found on the project website:

<https://www.dot.state.mn.us/metro/projects/stonearchbridge/index.html>

MnDOT is preparing the project for a Design-Bid-Build (DBB) letting in November 2023. MnDOT considered whether Design-Build delivery would be appropriate for the project, however, MnDOT wanted to retain control of the specialized design and there is little occurring on the project outside of that design. The DBB plans are completed at this time, however, there are several project risks and opportunities that will carry into the construction of the project that cannot be addressed with a simple low bid letting. In particular, we do not want to select a poorly-qualified contractor to complete the work: we strongly prefer a responsible contractor who plans to make use of quality construction staff and processes to complete the work. Therefore, MnDOT feels it would be advantageous to use a limited number of Best Value scoring criteria to address these risks and opportunities. The criteria utilized will be similar to those commonly used in MnDOT's Design-Build program, but they will only be applied to portions of the project that are under the contractor's control within the Design-Bid-Build delivery method.

Several public agencies have submitted similar SEP-14 applications to utilize Best Value scoring criteria on DBB projects; Michigan in particular utilized a very similar structure for their M-39 project in 2010 and M-115 project in 2008. (Links below)

Application: http://www.fhwa.dot.gov/programadmin/contracts/sep14_mi_m39.pdf

Application: <http://www.fhwa.dot.gov/programadmin/contracts/sep14mi115.cfm>

This application uses Michigan's M-39 application as a template. MnDOT submitted a very similar application to use Best Value scoring on the Lake Street project in 2017.

Project Goals and Risks

The following goals have been established on the Stone Arch Bridge project:

- Provide a safe and respectful work environment for workers and the public.
- Maintain the historic appearance of the bridge in a way that meets both historic standards and the expectations of the residents of the region, for whom it is an important landmark.
- Utilize high-quality construction and oversight practices to achieve durable and consistent results.
- Fully satisfy environmental and permit requirements.
- Achieve Substantial Completion prior to the end of the 2025 construction season.
- Complete the project within its allocated budget.

The risks that we are most concerned about would be the risk of inexperienced staff performing or overseeing the work, the quality of the repairs below the waterline, and ultimately historic and public acceptance of the work. See the attached specification to see how the BV specifications will address this risk.

Scope

The Scope of this application is to utilize a Best Value award structure with the Stone Arch bridge project, which varies from the standard low-bid process specified in the CFR. The contractor will be asked to commit to specific personnel and processes which will increase the quality and overall value of the project to MnDOT and its partners.

MnDOT proposes to select the contractor using a Best Value procurement process. The contract will be awarded to the bidder who proposes the best value as determined by a formula which will weight 30% toward a Technical Score and 70% to the Price Proposal. MnDOT has developed a specification, based on MnDOT's DB specifications and the previous 35W Lake Street project, which will require a contractor to submit a separate Technical Component in which the bidder articulates how they will address each of the project performance criteria. The Technical Proposal will be submitted and evaluated prior to opening the contractor's Price Proposal. A methodology that explains how the bidder's Technical Proposal will be evaluated for each of the criteria has been developed (identical to Design-Build) and included in the specification. The bidder's Price Proposal will remain a unit price proposal, with the total sum of the extended unit prices used in the formula to determine the Best Value proposer.

Measures

The effectiveness of the Best Value contract selection process will be measured by:

1. The number of responsive proposals (i.e. was industry willing and able to successfully respond to this type of contract?).
2. The quality of the technical proposals.
 - a. The quality of the proposal as directly compared to MnDOT expectations as measured by the adjectival ratings in the evaluation.
 - b. The overall number of innovative ideas proposed by all bidders to respond to the project performance criteria.
3. Analysis of the overall selection process.
 - a. The number and severity of issues identified during the execution of the selection process.
 - b. The comparison of Price Proposals to the Engineer's Estimate.

Procedural Risks, Mitigation, and Reporting

MnDOT believes this style of Best Value contracting is robustly implemented in Minnesota as it is very similar to Design-Build Best Value scoring, the industry responded robustly and usefully to our 35W Lake Street solicitation with four strong proposals, and the staff who ran the Lake Street procurement (Peter Davich and Kevin Kosobud) will run this process.

MnDOT anticipates that this project will be bid by some of our larger contractors who hire specialized masonry contractors as subconsultants. Most of our larger contractors have submitted Design-Build bids before and most of our masonry contractors are accustomed to a somewhat similar prequalification process on our DBB procurements led by Mr. Kosobud. In the event that we have new proposers interested we will be hosting a mandatory kickoff meeting where we will explain the process, the expectations of the technical component, and our anticipated evaluation structure. We will run the evaluation, as usual, with the view that, while missing pieces of the Technical Component may be grounds for non-responsiveness, minor formatting or appearance issues should be irrelevant if the content of the proposal is quality. In other words, we will strive to welcome bids from contractors inexperienced with Best Value processes and score them fairly.

If this project goes well MnDOT may request programmatic authority to run BV lettings in DBB projects. We will generate a report following the completion of the procurement detailing the success or failure of the process. If that report is positive and the FHWA would be accepting that effort may lead into a request to permanently authorize BV awards on DBB projects in Minnesota.