

Special Experimental Project No. 14 (SEP-14)

Process

If an Owner Agency determines that an innovative award methodology best meets the needs of their construction project, and it is a non-traditional construction contracting technique which deviates from the competitive bidding provisions in 23 USC 112, then FHWA Headquarters' SEP-14 approval must be received. Any contract which utilizes a method of award other than the lowest responsive bid should be evaluated under SEP-14. These non-traditional contracting techniques may include Enhanced Low Bid, Best Value, life cycle cost bidding, qualifications based bidding and other methods where cost and other factors are considered in the award process.⁶

The objective of SEP-14 is to evaluate "project specific" innovative contracting practices, undertaken by State highway agencies that have the potential to reduce the life cycle cost of projects, while at the same time, maintaining product quality. Federal statutes and regulations do set forth specific Federal-aid program requirements; however, some degree of administrative flexibility does exist. The intent of SEP-14 is to operate within this administrative flexibility to evaluate promising non-traditional contracting practices on selected Federal-aid projects.

This experimental program enables States to evaluate nontraditional contracting methods that are not in full compliance with FHWA's contracting policies but provide an open, competitive procurement. Under SEP-14, project owners seeking Federal aid may apply for approval to use non-traditional construction contracting techniques—methods of award other than the lowest responsive bid—to implement value-oriented procurement processes.⁷

The excerpt below is from the Contract Administration Training manual, and provides a brief outline of possibilities under SEP-14.

“SEP-14 is designed to identify, evaluate, and document innovative contracting practices that have the potential to reduce the life cycle cost of projects, while at the same time, maintain product quality. Within the regulatory requirements of the Federal-aid highway program, some degree of flexibility does exist. SEP-14 is an effort to explore this flexibility to its fullest.

MDOT M-115 Pilot Project:

The following is the table of contents of the final SEP-14 report for the M115 project:

- I. Introduction and Background*
- II. Project Location*
- III. Goals and Objectives*
- IV. Lessons Learned*
- V. Successes*
- VI. M-115's Conclusions*
- VII. Attachments*
- VIII. Appendixes*

Final report URL:

<http://www.fhwa.dot.gov/programadmin/contracts/sep14list.cfm>

⁶ BRIEFING – “FHWA Initiatives to Encourage Quality Through Innovative Contracting Practices Special Experimental Projects NO.14 - (SEP-14),” July 9, 2002 (updated March 11, 2005).
http://www.fhwa.dot.gov/programadmin/contracts/sep_a.htm.

⁷ Gerald Yakowenko, “Megaproject Procurement: Breaking from Tradition,” *Public Roads*, July/August 2004, Vol. 68, No. 1.

