

Memorandum

Subject: **ACTION:** Michigan On the Job Training (OJT)
Voluntary Incentive Program (VIP) under
Special Experimental Program No. 14 (SEP-14)

Date: February 6, 2018

/S/

From: Joseph L. Hartmann, Ph.D., P.E.
Acting Director
Office of Preconstruction, Construction, and
Pavements

In Reply Refer To:
HICP-20

To: Russell L. Jorgenson
Division Administrator
Lansing, Michigan

This memorandum is in reference to a December 13, 2017 email from Jeffrey Forster of your staff, as well as to subsequent emails and communications, which transmitted the following documents:

1. A Michigan Department of Transportation (MDOT) workplan under Special Experimental Project No. 14 (SEP-14) for an On the Job Training (OJT) Voluntary Incentive Program (VIP) Pilot, dated November 6, 2017;
2. OJT VIP Pilot Manual, dated October 24, 2017;
3. A cover letter from the MDOT Headquarters to the FHWA Michigan Division Office, dated November 27, 2017, requesting approval to roll out the OJT VIP program;
4. A Microsoft Excel Spreadsheet containing a list of possible OJT VIP projects for CY2019-CY 2020; and
5. An MDOT Special Provision, dated August 4, 2017, for Preparation and Consideration of Bids on On-The-Job Training Voluntary Incentive Program Projects

FHWA issued a memorandum on January 31, 2017

(<https://www.fhwa.dot.gov/programadmin/contracts/sep14mi170131.pdf>) approving an MDOT SEP-14 workplan dated October 5, 2016 for the use of an OJT-VIP Pilot

(<https://www.fhwa.dot.gov/programadmin/contracts/sep14mi161005.pdf>). The previously-approved SEP-14 workplan was for a period of five calendar years (CY), or 2017-2021.

MDOT's November 6, 2017 SEP-14 workplan, including its OJT VIP Manual, is revised from its October 5, 2016 proposal based on additional consultation with contractor industry partners and subsequent modifications to the OJT VIP incentive proposal.

When a bidder elects to use the OJT-VIP Pilot program, for every additional training slot a contractor has above their required OJT allocation, they will receive a \$50,000 bid incentive (reduction) from their bid price for the purposes of determining the lowest responsive bidder for select MDOT Federal-aid projects. When used, the bid incentive will adjust the bid price and may affect the order of bids. The bid incentive defined above will be used solely for determining the lowest responsive bidder. The awarded contractor will be compensated for the work performed according to their bid price and the other terms of the contract relating to measurement and payment.

MDOT's SEP-14 Workplan is programmatically approved for evaluation under SEP-14 from CY 2018 through CY 2021. Thank you for the opportunity to review and comment on this SEP-14 project. If you have any questions, please contact: Gerald Yakowenko at (202)366-1562 or Gerald.Yakowenko@dot.gov or John Huyer at (651)291-6111 or John.Huyer@dot.gov.