Memorandum

U.S. Department of Transportation
Federal Highway Administration

Subject: **ACTION:** Michigan Job Order Contracting (JOC) under Special Experimental Program No. 14 (SEP-14)

Date: March 7, 2017

From: **/S/**Angel Correa
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 February 16 email from Jeffrey Forster of your staff, which transmitted the following documents:

1. A Michigan Department of Transportation (MDOT) workplan under Special Experimental Project No. 14 (SEP-14) for Job Order Contracting (JOC) for Traffic Signal Installation at various locations in the Bay, Metro, and Grand Regions, dated February 16, 2018; and

2. MDOT Special Provisions for the following:

    a. Preparation, Delivery, and Consideration of Bids on Job Order Contracting Projects;
    b. Notice to Bidders for Payment of Lump Sum Pay Items;
    c. Traffic Signal Installation on Job Order Contracting Projects (one boilerplate, and one for each of the Bay, Metro and Grand Region projects); and
    d. Pre-Bid Meeting for Traffic Signal Installation on Job Order Contracting Projects.

The measurement and payment section of the procurement will contain three lists of pre-priced construction items which include standard traffic signal items, road improvement items and connected vehicle signal items. MDOT will advertise the project and Contractors will bid three adjustment factors; one adjustment factor of each of the pre-priced construction item lists.

Other Lump Sum Items such as Mobilization, Maintenance of Traffic items, and Contractor Staking are not shown in the lists and will be bid separately.

To determine the low bid, MDOT will compare the bids on the basis of the total bid amounts (The sum of the lump sum amounts and the products of the fixed price for construction items and the adjustment factors). The Bidder that bids the lowest total price will be the low

bidder. The total price will be calculated by multiplying Adjustment Factor 1 to all items in Table 1, Adjustment Factor 2 to all items in Table 2, and Adjustment Factor 3 to all items in Table 3 and summing these costs from all three tables, and then adding the sum of the Other Lump Sum Items.

MDOT staff will be responsible for providing a design package to the Contractor for each work order. During the design phase for each work order the Contractor will attend field meetings with the designer. The Contractor must submit a progress schedule to MDOT after notification of a work order and perform work per that schedule.

MDOT's workplan is approved, subject to the following clarifications:

1) We recommend that MDOT modify the penultimate sentence of the first paragraph on Page 2 of the SEP-14 workplan as follows:

    The total price will be calculated by multiplying Adjustment Factor 1 to all items in Table 1, Adjustment Factor 2 to all items in Table 2, and Adjustment Factor 3 to all items in Table 3 and summing these costs from all three tables, ***and then adding the sum of the Other Lump Sum Items.***

2) We recommend that MDOT modify the third sentence of Paragraph A, Page 3 of the Special Provision for **PREPARATION, DELIVERY, AND CONSIDERATION OF BIDS ON JOB ORDER CONTRACTING PROJECTS**

    The total price will be calculated by multiplying Adjustment Factor 1 to all items in Table 1, Adjustment Factor 2 to all items in Table 2, and Adjustment Factor 3 to all items in Table 3 and summing these costs from all three tables, ***and then adding the sum of the Other Lump Sum Items.***

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 John Huyer at (651)291-6111.