

**Work Plan**  
**Special Experimental Project No. 14 (SEP-14)**  
**Michigan Department of Transportation**  
**Fixed Price Variable Scope Contracting on a Freeway Lighting Project**  
**MDOT Job Number 116561**  
**December 20, 2012**

**Introduction**

The Michigan Department of Transportation (MDOT) proposes to use fixed price variable scope contracting on a freeway lighting replacement project under the provisions of Special Experimental Project No. 14 (SEP 14).

**Purpose**

The purpose of fixed price variable scope (FPVS) contracting is to use a fixed dollar amount in the bidding process to construct the greatest amount of work with the available project budget. Because the proposed work this freeway lighting project is consistent throughout the project and the final end point can be adjusted, MDOT expects to gain more value for the dollar by using this innovative contracting method.

**Scope**

This project will replace the existing lighting on I-696 beginning near Dequindre Road to a point east of Hoover Road. The FPVS concept will select a contractor based on the lowest bid if all work can be completed. If all work cannot be completed using the fixed dollar amount, the contractor completing the most work will be selected. In the event of a tie, bidders will be required to submit a revised bid, with the lowest bidder selected. MDOT will provide the FHWA-Michigan Division the contract provisions for the project prior to advertising in order to assure that any comments or concerns from the FHWA are addressed the each contract. If this project cannot be entirely completed with the initial FPVS contract, the initial work will be viewed as phase 1 and the remaining work (phase 2) will be advanced as a separate project using regular or FPVS as conditions warrant. The Phase 2 work is anticipated to be constructed in or before the 2018 construction season.

**Schedule**

This project is scheduled to be constructed in 2015.

**Evaluation**

In order to evaluate the success of this innovative contracting method, MDOT will assess the completed work under the contract compared to a typical design-bid-build project. To accomplish this, MDOT will estimate the amount of work that would be expected to be constructed using the fixed dollar amount. Estimating will be performed by using our traditional estimating methods that are based on recent bidding history. This process will allow MDOT to determine the value received by using the FPVS method compared to traditional design-bid-build project delivery.

Industry reaction will also be measured by comparing the bids on similar contracts to the number of bids received on the fixed price variable scope contracts.

**Reporting**

MDOT will prepare and submit a report to the FHWA. The report will be submitted within 6 months of the completion of the project. The report will contain an overall evaluation to determine if this innovative contracting method provided more value for the dollar than traditional contracting methods along with any suggestions and recommendations for improving the process.