INNOVATIVE CONTRACTING PRACTICES

SPECIAL EXPERIMENTAL PROJECT NO. 14

CONSTRUCTION MANAGER/GENERAL CONTRACTOR
PROJECT DELIVERY METHOD

M-11 (28th Street) Between M-37/M-44 and I-96
Road Reconstruction & Rehabilitation
CS 41063
JN’s 105714, 109661, 112754

Michigan Department of Transportation
Grand Region
Grand Rapids TSC

May 24, 2012
Introduction

The Michigan Department of Transportation (MDOT) is planning a road construction project on M-11 (28th Street) in Kent County. The project includes the rehabilitation and reconstruction of M-11 between M-37/M-44 and I-96. The preliminary cost estimate for the construction work is $7.5 Million. The project is scheduled to be let in November, 2012.

The project is separated into two distinct sections of work. The portion of the project between M-37/M-44 and 450’ west of Patterson Avenue will be rehabilitated. This work is currently planned to be done at night and off-peak times to limit impacts to the adjacent businesses. The reconstruction portion of the project starts approximately 450’ west of Patterson Avenue and continues easterly to the I-96 ramps. This portion of the project consists of a full roadway reconstruction in concrete, including curb and gutter, drainage and safety upgrades and local participation for the addition of sidewalk, ADA ramps, signal upgrades and lighting.

M-11 is a very heavily travelled route with an approximate AADT of 36,000 (2.5% Commercial). This traffic can be attributed to the businesses in the area and the proximity to the I-96/M-11 Interchange. The adjacent property is mostly zoned commercial consisting of many restaurants and commercial business (small and big box). Patterson Avenue, which is in the project limits, is also one of the main direct routes to the Gerald R. Ford International Airport.

MDOT is seeking approval to use a Construction Manager/General Contractor (CMGC) procurement to complete the project. MDOT believes the CMGC process will benefit the public and project by providing an expedited construction schedule, complex staging to maintain access to local businesses, improved utility coordination process, and improve the owner/contractor interaction and outreach to the public during the project’s development.

MDOT will draft a Request for Qualifications (RFQ), and select the CMGC via a qualifications-based selection process. The RFQ will be provided to the Michigan Division of the FHWA for review and approval.
**Purpose**

The purpose of this proposal is to engage the construction industry during the design phase via an RFQ, and quality based selection process. The end result will be a CMGC that will be engaged during the design phase, and carry the means and methods developed during design into the construction phase. Due to the public needs of the project related to maintaining traffic, construction staging, expedited construction and maintaining access to businesses, we believe the CMGC process would be the most effective method to deliver the project.
Scope

The innovative contracting method proposed in this application – Construction Manager/General Contractor varies from the standard low-bid process.

MDOT proposes to select the contractor using a Qualifications Based Selection. The contract will be awarded to the contractor who meets or exceeds the qualifications as dictated in the Request For Qualifications. Statements of Qualifications (SOQ’s) will be submitted by interested teams and scored based on the criteria in the RFQ.

The selected CMGC will review and provide input during the design phase regarding constructability, means and methods, availability of materials, schedule, etc. After the plans are substantially complete (70% to 90%), the CMGC will negotiate a final price with MDOT for the construction costs. The final price is expected to include a Guaranteed Maximum Price (GMP), and contingency items.

Subject to MDOT’s acceptance of the final price, the CMGC will be awarded the construction phase of the project, and thereby will be responsible to complete the construction while performing at least 40% of the work. As part of this contract, the CMGC agrees to construct the project inclusive of specific performance criteria developed during the design phase.

If a final price is not negotiated to MDOT’s satisfaction, the project can revert back to a traditional Design-Bid-Build method, and the project can be opened for bids when the plans and specifications are completed. This provides MDOT an outlet if an agreement cannot be reached with the CMGC on the price by breaking the CMGC contract into two parts: (1) pre-construction services and (2) construction services. The CMGC would also be allowed to bid on the project if a final price could not be agreed on.

PRE-CONSTRUCTION PHASE SERVICES BY THE CMGC

The CMGC will be compensated for their pre-construction services. The pre-construction service costs will be based on an estimated number of hours, actual wages, and other expenses required by the CMGC. The CMGC’s overhead rate will be determined by an audit, or by applying a 35% overhead rate per MDOT’s 2012 Standard Specifications for Construction. During the Pre-Construction Phase the CMGC is expected to:

- Provide assistance in determining construction phasing and scheduling, and maintenance of traffic staging to minimize interruption to traffic operations and local businesses.
- Provide expertise in construction methods relevant to the project
- Provide detailed cost estimates and knowledge of marketplace conditions.
- Provide project planning and construction scheduling.
• Provide constructability reviews and recommendations
• Advise Owner on ways to gain efficiencies in project delivery
• Assist in public outreach efforts
• Negotiate GMP and any contingency items with MDOT

CONSTRUCTION PHASE SERVICES BY THE CMGC
The CMGC will be compensated for their construction phase work. During the design phase of the project the CMGC and MDOT will negotiate a price for the work. This negotiation will include identifying work that will be performed at the CMGC’s sole risk, as well as items that may be paid for on a unit price and actual quantity basis. Contingency items may also be identified during the negotiations. During the Construction phase, the CMGC will:

• Complete the construction of the project
• Bid, award, and manage all construction related contracts while meeting the Owner’s DBE and other requirements.
• Provide and execute a quality control plan
• Bond and insure the construction
• Address and adhere to all federal, state, and local permitting requirements.
• Maintain a safe work site.
• Self Perform at least 40% of the work
Schedule

This project is scheduled to be constructed in the 2013 construction season. The contract will be awarded in 2012, following the CMGC selection process and in accordance with MDOT standard contracting processes.

MDOT will develop the RFQ immediately after approval of this SEP-14 proposal. MDOT will consult with the contracting industry in an open and unbiased manner during the development and advertisement of the RFQ, to help prepare the industry for the innovative selection and contract administration processes.

Anticipated Milestone Dates

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>SEP-14 Approval</td>
<td>May 31, 2012</td>
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<tr>
<td>Post Draft RFQ</td>
<td>May 25, 2012</td>
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<tr>
<td>Post RFQ</td>
<td>June 1, 2012</td>
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<td>Procurement of Independent Cost Estimator (ICE)</td>
<td>June 1 – July 15, 2012</td>
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<td>SOQ's Due</td>
<td>June 25, 2012</td>
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<td>Selection of CMGC</td>
<td>June 26 – July 3, 2012</td>
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<td>Pre-Construction Services Price Proposal Meeting</td>
<td>July 5 or 6, 2012</td>
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<td>Pre-Construction Services Price Proposal Due</td>
<td>July 10, 2012</td>
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<td>Notice to Proceed/Award of Pre-con Phase</td>
<td>August 1, 2012</td>
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<td>Development of Plans and Specifications for GMP</td>
<td>Through Sept. 7, 2012</td>
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<td>Complete MDOT Cost Estimate &amp; ICE</td>
<td>Sept. 7, 2012</td>
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<td>Negotiate Price (GMP, Contingency, etc)</td>
<td>Sept. 7 – October 1, 2012</td>
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<td>Obligate Construction Phase</td>
<td>Sept. 10, 2012</td>
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<td>Award Construction Phase</td>
<td>Dec. 1, 2012</td>
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<td>Advertise Design-Bid-Build (If necessary)</td>
<td>Jan. 4, 2013</td>
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<tr>
<td>Construction</td>
<td>April - October, 2013</td>
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Anticipated RFQ Selection Criteria
The following items are anticipated to be the selection criteria included in the RFQ for the selection of the CMGC. The final RFQ containing the final selection criteria will be provided to the FHWA’s Michigan Division for approval prior to advertising the RFQ.

Understanding of Service:
The Proposer shall provide an Executive Summary that includes their general understanding of the project goals and how those goals will be met. The Proposer shall also include sufficient information to familiarize reviewers with their Project approach and their ability to satisfy the technical requirements and address the public and businesses concerns related to schedule and access.

Innovations:
The Proposer shall list their potential innovations and innovative approaches to completing the project. Innovations should specifically address how they expect to provide input into the design and what could be done to expedite the schedule and limit impacts to traffic and businesses. Any other innovations are highly encouraged.

Work Zone Safety:
The Proposer shall provide information related to potential areas for contractor staging areas/yards and the access to and from the project. The proposer shall also discuss how work zones accidents can be minimized or mitigated.

Qualifications of Team:
The Proposer shall list past experience of the team members and their roles and responsibilities with similar projects. They should demonstrate how communication will occur internally, with MDOT staff, and their anticipated communication with the public.

Past Performance:
The Proposer shall list past experience on projects with similar scope and complexity, specifically in an urban and commercial setting. The Proposer should demonstrate how they completed the projects with success in the areas of schedule, quality, cost and maintenance of traffic including access to businesses, including their role in the success of the projects.

Schedule:
The Proposer shall provide information that will demonstrate how they could reduce and/or improve the overall construction schedule. MDOT’s desire is to expedite the construction schedule while minimizing impacts to the neighboring businesses and traveling public while completing the work in a quality and effective manner. Scoring will be greatest to those Proposers who provide a clear understanding and provide information on how they expect to meet these goals, and demonstrate how their input during the design will be beneficial to MDOT’s schedule goals.
Measures

The effectiveness of the CMGC and qualification based selection process will be measured by:

1. The number of SOQ’s received (was industry willing and able to successfully respond to this type of contract?).

2. The quality of the SOQ’s received.
   a. Past experience on construction and rehabilitation of precast concrete segmental structures.
   b. Number of innovative ideas proposed by all responders to the RFQ.
   c. Number of statements including criteria that exceeded the qualifications in the RFQ.

3. Analysis of the overall selection process.
   a. Issues in executing the selection process.
   b. Comparison of final negotiated price (Guaranteed Maximum Price + Contingencies) to Engineer’s Estimate and ICE.

The effectiveness of the CMGC contracting process will be measured by:

1. CMGC engagement during design phase, and achievement of constructible, high quality plans and specifications.

2. Evaluation of schedule, staging and maintaining traffic benefits from the CMGC process.

3. Administration of CMGC contract during construction phase, and overall ability of CMGC to effectively perform contract work according to specifications, and within project timeframe.
**Reporting**

MDOT will prepare at least one final report on this innovative contracting proposal. A final report will be prepared within six months after completion of the project work and will address the entire project, contract administration, and the implementation of solutions developed during the phase to address design and constructability issues. Interim report(s) will be prepared by MDOT upon request of the FHWA and will report on the progress of the project and process at the time the request is made.