



Office of Construction and Innovative Contracting
395 John Ireland Boulevard
Saint Paul, MN 55155

August 15, 2022

Mr. Bill Lohr
Field Operations Team Leader
FHWA – Minnesota Division
380 Jackson Street, Suite 500
St Paul, MN 55101

RE: Special Experimental Project 14
Indefinite Delivery/Indefinite Quantity (IDIQ) Final Evaluation Report

Dear Mr. Lohr:

Please accept this correspondence as the Final Evaluation Report for our Special Experimental Project 14 – Indefinite Delivery/Indefinite Quantity (IDIQ).

We continue to track the use of this procurement process utilizing State funds and will reach out to you if the need for use of Federal Funds with IDIQ is desired as a programmatic change.

If you have any questions, please contact Kevin Kosobud (218-310-3677) or I at 651-295-4194.

Sincerely,

Digitally signed by Thomas Ravn

Date: 2022.08.15 15:14:40 -05'00'

Tom Ravn, PE
State Construction Engineer

Enclosure: October 2018 Interim IDIQ Evaluation Report
 December 2019 Interim IDIQ Evaluation Report
 August 2022 Final Evaluation Report

CC: Kevin Kosobud

Equal Opportunity Employer

07/18/2022

Indefinite Delivery/Indefinite Quantity (IDIQ) Utilizing Federal Funds

The Department with the concurrence of the FHWA received permission, in September 2016, through a SEP-14 for Limited Programmatic Use of Indefinite Delivery/Indefinite Quantity Procurement. The Department was permitted to use IDIQ procurement on up to 15 projects. This document will serve as a Final Report summary of all projects, discussion about the measures used to evaluate the effectiveness of IDIQ and any observed impacts on FHWA requirements associated with the use of IDIQ.

Project Summary

The Department implemented the use of IDIQ for seven projects. The specifics of the projects are listed in the subsequent table.

State Project Number	Work type	Amount Bid	Engineers Estimate	Bid % of Engineers Estimate	Contract Minimum	Contract Maximum	Number of Task Orders to date	Funds Spent to Date	Number of days of Liquidated Damages
8826-192	Bituminous Crack Seal	\$258,041	\$357,191	72%	\$300,000	\$700,000	1	\$302,939	0
8826-193	Bituminous Seal Coat	\$4,880,781	\$6,814,210	72%	\$2,500,000	\$10,540,000	2	\$6,666,622	0
8826-206	Luminaire Replacement	\$390,965	\$562,980	69%	\$400,000	\$1,500,000	2	\$437,315	0
8824-153	Bituminous Chip Seal	\$2,543,678	\$2,917,664	87%	\$3,000,000	\$5,000,000	2	\$4,669,155	0
8826-197	Bridge Crack Seal	\$1,041,433	\$963,716	108%	\$500,000	\$1,200,000	2	\$915,774	0
8824-175	Chip Seal	\$2,051,444	\$2,257,766	91%	\$2,000,000	\$3,900,000	2	\$2,176,000	0
8826-215	Concret Pav Rehab	\$3,043,101	\$2,948,128	103%	\$800,000	\$3,800,000	3	\$3,692,162	0

Project 8816-2554 was a roadway delineation project that was planned to be an IDIQ project, but when let, the bid price for all work was below the required contract minimum. All bids were rejected and the project was relet with traditional low bid.

Reporting Measures as detailed in the SEP-14 Application

1. The cost of the contract versus the engineer's estimate to determine the cost impact of IDIQ.

The seven projects average cost versus the Engineer's Estimate was 86%. Two projects came in slightly over the Engineer's Estimate at 108% and 103% respectively. The overall results demonstrate that IDIQ can be used effectively as a procurement method that allows financial flexibility, while maintaining and providing responsible competitive bids.

2. The number of task orders added and dollar amounts.

The table in the project summary displays the number of Task Orders written and the dollar amounts spent on each contract. It should be noted that only five of the seven contracts have been finalized as of the writing of this report. Although, no additional Task Orders are expected to be issued and no further changes in payments to the Contractors is anticipated.

3. The effectiveness of IDIQ contracting on different work types.

The seven projects represented by the use of this SEP-14 resulted in four work types.

- Bituminous Crack Seal was utilized four times
- Luminaire Replacement
- Bridge Crack Seal
- Concrete Pavement Repair

IDIQ has shown to be particularly useful in asset preservation. Asset preservation and specifically pavement preservation requires close analysis for the timing of the work and therefore necessitates flexibility to the when is the best time to perform the work. IDIQ provides this flexibility, especially when the contracts extend over multiple construction seasons. MnDOT feels that as long as the scope of work remains narrow, IDIQ can be used on a wide variety of work types.

4. The ability of the Contractor to meet subsequent established substantial completion dates.

All IDIQ contracts contain special provisions to provide "working days" to the appropriate work. The seven projects described in this report had no Task Orders that had any liquidated damages applied to the contract. This would point to reasonable time durations were placed in the contracts. It also could be related to the ability for the Contractor and the Department to talk about the work and when it needs to be completed before the Task Order is written. Although the Department has the authority to dictate when work occurs, the ability to discuss the start dates of work could assist in finding timeframes that are acceptable to both parties before the work starts instead of a traditional contract that the owner exclusively decides when the work will be performed.

5. Quality of work.

The Department has no known or expressed issues with a reduced quality of work related to IDIQ.

6. Industry reaction to the procurement process.

No formal inquiries were performed with these seven contracts. The feedback on previous contracts states that the Contracting community accepts this procurement method as a reasonable way bid work. A thorough review was performed several years ago, and the Department meets with the Association of General Contractors and their members twice a year with the Bituminous, Concrete, Bridge, Grading and Base and Alternative Contracting groups. No issues have been raised with IDIQ projects.

7. Timeframe to execute task orders compared to other contracting methods.

Assuming an awarded and approved contract. A Task Order that is properly submitted with an acceptable narrative and documentation can be approved, and work can proceed in less than seven days. A normal project takes about six weeks from bid letting to approval.

8. Lessons learned and suggestions for improvements on future innovative procurements.

No significant issues arose.

Previous Interim Reports

Attached are the two previous reports. First one was issued in October 2018 and the second December 2019. They both contain finer details of the projects, and The Department has also continued to fund IDIQ projects with State Funds.

12/31/2019

IDIQ Utilizing Federal Funds

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Project Summary

State Project Number	Work type	Amount Bid	Engineers Estimate	Bid % of Engineers Estimate	Contract Minimum	Contract Maximum	Number of Task Orders to date	Approximate Funds Spent to Date
8826-192	Bituminous Crack Seal	\$258,041	\$357,191	72%	\$300,000	\$700,000	1	\$362,000
8826-193	Bituminous Seal Coat	\$4,880,781	\$6,814,210	72%	\$2,500,000	\$10,540,000	2	\$7,927,000
8826-206	Luminaire Replacement	\$390,965	\$562,980	69%	\$400,000	\$1,500,000	2	\$482,000
8824-153	Bituminous Chip Seal	\$2,543,678	\$2,917,664	87%	\$3,000,000	\$5,000,000	2	\$4,789,000
8826-197	Bridge Crack Seal	\$1,041,433	\$963,716	108%	\$500,000	\$1,200,000	1	\$520,000
8824-175	Chip Seal	\$2,051,444	\$2,257,766	91%	\$2,000,000	\$3,900,000	1	\$2,176,000
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The projects with bold type were new since the last update.

Lessons Learned 2018

1. Federal Authorization Process requires NEPA clearance on all potentially proposed work.

Most IDIQ projects are of a very limited scope. The Department has been using State Funds for all IDIQ prior to this process. As a result, the preparation of a NEPA document is extra work under the FHWA requirements. While this document is not difficult to produce, it is extra work. The FHWA process also does not allow a change (additional sites not previously identified) in location beyond what was documented in the initial submission. This requires the Districts to have a deeper understanding of the planned work, which reduces the flexibility compared to State funded IDIQ.

2. Quantities for all potential work must be included in the bid documents.

The FHWA process requires all sites be identified in the bid documents. This includes tabulating quantities for all potential work. This can be extra work beyond a state funded project, if all sites are not authorized by a task order. State funded IDIQ would only tabulate approximately the contract minimum value of quantities. Any work above the contract minimum would be calculated as the work was authorized.

3. Bid amount vs. Engineer's Estimate.

The Engineer's Estimate has been below the lowest responsive bidder 80% of the time. One bid was accepted for over the Engineer's Estimate at 108%. All contracts have had a minimum of three bidders while two of the projects had five bids submitted. The Department concludes that this procurement is yielding a competitive and economically advantageous bid results.

4. The special provision utilizing a 2% cost escalation is not supported by FHWA.

The Department has utilized an annual 2% cost increase on projects lasting longer than one year. This was initiated at the request of our bidders based on feedback received after the use of IDIQ for the first year. The Contractors also requested to use a two year contract duration, with a one year extension if both parties agree, as our standard. Both of these items are done to reduce contractor risk and promote lower bids.

The FHWA will not participate in the 2% cost escalation as it is not supported by any index or data. The Department researched the use of an index similar to what is done for fuel escalation. No relevant index was discovered at the time of the investigation.

5. Significant Changes to work.

The FHWA wants to review any significant changes to the character of the work. While this is not different than other FHWA funded projects, it is one more difference between the State funded and Federal funded programs utilizing IDIQ.

6. STIP Modifications.

STIP modifications are recommended and required. FMIS will be updated twice per Calendar year. This is not difficult, but does result in another step not required by State funded IDIQ projects.

Lessons Learned 2019

1. Only two additional projects were let utilizing federally funded IDIQ.

The Department has also continued to fund IDIQ projects with State Funds. Since the Department has the ability to use different funding sources and the Federal Funds are more restrictive and require more work prior to pre-letting, we have not seen a large increase in the use of federally funded IDIQ. To date only two Districts have utilized this option.

2. IDIQ procurement method remains cost effective.

The Department has let seven projects with this SEP-14 project. The average of the seven projects is 86% of the Engineer's Estimate. The latest two projects had multiple bidders (5 bidders for SP 8824-175 and 3 bidders for SP 8826-215). Both of these statistics are encouraging with respect to the competitive Pricing and Contractor acceptance of this procurement method.

3. Cost Escalation requires state funds for payment.

This issue is an added requirement that is different from our State Funded IDIQ and as a result needs special attention to make sure it is adhered to. Our software for payment (AASHTOWare) is not programmable for this difference and therefore it must be acknowledged by the Contract Administrator or discovered prior to payment.

10/18/2018

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