Montana Department of Transportation

Special Experimental Project #14

(SEP-14)

Job Order Contracting

March 29, 2013

SEP – 14

Introduction

The Montana Department of Transportation (MDT) submits this work plan for using the Job Order Contract (JOC) project delivery method under the provisions of Special Experimental Project No. 14 (SEP 14) for the use of innovative contracting practices. MDT traditionally employs the design-bid-build method of contracting on federal aid projects. Under the proposed JOC, contractors will prepare unit price bids based on the anticipated quantities of work specified in the contract. The actual work locations and site specific designs will be determined during project development.

Purpose

This work plan will detail MDT's approach to utilize JOC project delivery to complete a variety of work including safety improvements and geotechnical work. With approval of the work plan MDT can deliver projects with the least cost and in the timeliest fashion by utilizing federal-aid for JOCs under the Federal Highway Administration (FHWA) Federal Special Experimental Project No. 14 (SEP-14) alternative contracting program.

Scope

MDT intends to advertise for a variety of construction projects to include, but not limited to:

- Traffic and Safety
  - Basic Signing
  - Delineation
  - Pavement Markings
  - Striping Improvements
- Geotech
  - Slide Repair
  - Slope Stabilization

Locations and design of proposed work will be determined during project development. The contract will include all the unit priced items of work necessary to implement the identified scope of work items.

The proposed improvements will be constructed in accordance with the current Montana Standard Specifications for Highways and Bridges as well as the appropriate Department Design Manuals and standards. All work will comply with Federal, State and Local laws and permitting requirements.

The MDT Engineer from the area of work (i.e. Traffic and Safety Engineer, Geotechnical Engineer) and their staff will be responsible for making task order assignments to the general contractor. The MDT District Administrator and their staff will be responsible for monitoring the performance of the work for consistency with the specifications, preparing estimates for progress payments and providing general oversight of all construction activities. All decisions regarding the quantities of work to be performed will be made by MDT engineers through consultation with the contractor.

Current Method

Montana Department of Transportation utilizes standard contracts where the selection is by lowest responsive bidder in accordance with federal regulations.

Benefits

MDT sees the following areas as opportunities for improvement over traditional contract delivery methods:

1. Increased Responsiveness – It has been shown that projects utilizing the JOC project delivery methodology can begin construction 75-85% sooner than traditional contracting methods. This delivery tool will allow MDT to have increased responsiveness to emergency situations, as well as the ability to be more responsive to requests from the public.
2. Lower Costs
    a. Reduced Design Costs – As part of the basic JOC the Technical Specifications are already developed so there is no need to write them again for each contract. Design costs are also reduced because the scope of most JOC projects can be defined without developing a complete plan, special provision and estimate package.
    b. Lower Procurement Costs – Procurement costs are reduced due to the fact that it is not necessary to develop, advertise, and award individual contracts for every small to medium sized project.
    c. Lower Direct Construction Costs – Studies have shown that direct construction costs have been lowered due to a reduction in contingencies, indirect costs and volume discounts from contractors.
    d. Reduced Post Award Costs – By having a well-defined scope and tasks, change orders are reduced or eliminated.
3. Enhanced Opportunities for Disadvantaged Business Enterprises (DBE) - JOC is designed to enhance the participation of DBE's. Due to the size and scope of most JOC projects there is more opportunity for participation of DBE's. The size of the projects also makes it easier for DBE's to acquire the necessary bonding.

4. Incorporation of Multiple Funding Sources – Using a JOC, the obligation document is the individual Job Order and not the basic contract. It is possible that individual Job Orders can be paid from different funding sources. This is not available with other forms of competitively bid, firm fixed priced construction contract.

Schedule

The MDT Traffic and Safety Bureau currently has several projects under design development that are potential candidates for this contracting methodology. Projects include the recently nominated district wide "wrong way" signing projects as well as the district wide horizontal curve warning signage projects. Initial design of these projects will likely be completed in federal fiscal year 2013 and will be utilized to deliver the JOCs as soon as this SEP -14 process is approved. This contracting methodology also lends itself to future low cost safety improvements.

The MDT Geotechnical Section also has stated a need to manage slope failures using an expedited timeline. In an emergency situation such as a slope failure the JOC methodology can decrease risk and facilitate the re-opening of a closed highway sooner than traditional contracting methods thereby reducing the impacts to the public. In urgent but non-emergency type of situations the JOC methodology will decrease project cost and risk by expediting the project to prevent the slope movement from becoming worse. The Geotech section is ready to use this delivery method as soon as SEP-14 approval and their JOC task book are prepared.

The proposed project schedule is:

- Phase I – Identify Project
- Phase II – Prepare Contract Bid Documents
- Phase III – Procurement of Construction Contract
    - Project Advertisement
    - Bid Opening
    - Contract Execution
- Phase IV – Project Construction

Reporting

MDT will file a summary report for each contract executed. The report will consist of three sections. The first section will detail the need and project type. The second section will summarize the activities of the design and procurement process. An analysis of the bid results will be included. And finally, the third section, which will contain an overall evaluation of the project, along with any suggestions and recommendations for improving the process.

In addition the report will also include:

- Required staff for PE, advertising, construction

- Timeliness of contractors to prepare and provide proposals
- Thoroughness of the activities in the JOC book
- Ability to add items when conditions warrant
- Ability to handle changes during construction
- Time and cost to deliver
- Quality of product
- Contract complications encountered during the bidding process
- Industry reaction to the JOC process
- Lessons learned, pitfalls to avoid, and suggestions for improvements on future JOCs

Conclusion

In summary, Job Order Contracting should enable MDT to more rapidly engage contractors and complete projects while lowering costs. JOC does not replace any of the existing contracting systems including traditional bidding. JOC is an efficient and effective alternative contracting tool for MDT to use in delivering its construction program.