



Memorandum

U.S. Department
of Transportation

**Federal Highway
Administration**

Subject: **ACTION:** Evaluation of a Quality Bid Factor Program under Special Experimental Project No. 14 (SEP-14) Date: December 10, 2015

From: /s/ Thomas D. Everett Director, Office of Program Administration Reply to Attn. of: HIPA-30

To: Ivan Marrero Division Administrator Salt Lake City, UT

This is in reference to Russell Robertson's November 27 email that transmitted the Utah Department of Transportation's (UDOT) SEP-14 workplan for the use of a Quality Bid Factor (QBF) that will adjust a proposer's bid amount for a specific item based on a material supplier's historic quality performance data.

Specifically, UDOT is proposing to develop a QBF for each asphalt supplier, based on testing data from the previous three years data. The QBF is based on an asphalt supplier's percent-within-limits for gradation, asphalt binder, and in-place density. For this pilot project, the QBF will be applied to bid prices for Stone Matrix Aggregate in such a way that lower quality producers will have a disincentive adjustment associated with their bid prices for award purposes.

UDOT is proposing to implement the QBF on two projects using a Stone Matrix Aggregate bid item. This experimental project will evaluate the feasibility of including the QBF on a larger scale.

The UDOT's workplan is satisfactory. Considering the size of the proposed pilot projects, a single initial/final evaluation report would be acceptable. The evaluation should address industry reactions to the use of this concept as well as the effectiveness of this contracting technique in meeting the UDOT's project and program goals. You may consider this project approved for evaluation under SEP-14. Thank you for the opportunity to review and comment on this SEP-14 request. Should you have any questions, please contact Gerald Yakowenko at (202) 366-1562.