



COMMONWEALTH *of* VIRGINIA

DEPARTMENT OF TRANSPORTATION

1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219-2000

Charles A. Kilpatrick, P.E.
Commissioner

October 18, 2016

Jessie Young, Division Administrator
FHWA
400 N. 8th Street, Suite 750
Richmond, VA 23219-4825

Re: SEPT-14 Process Projects

Dear Ms. Young:

VDOT is pleased to submit to FHWA for review and approval the attached expedited delivery contracting work plan under the SEP-14 process. The proposed process is fully consistent with the goals of FHWA's Everyday Counts initiative. To quote the FHWA Everyday Count's web site: "Every Day Counts (EDC) is a state-based model to identify and rapidly deploy proven but underutilized innovations to shorten the project delivery process, enhance roadway safety, reduce congestion and improve environmental sustainability." We are confident that the proposed process will result in very quick project delivery, without sacrificing quality or cost efficiency.

Please call me at (804) 786-1630 if you have any questions or comments.

Sincerely

/S/

Don E. Silies

Director of Contracts

(804)786-1630



Application for SEP 14 Indefinite Delivery/ Indefinite Quantity (ID/IQ) Contract

INTRODUCTION

The Virginia Department of Transportation (VDOT) routinely advertises maintenance contracts with relatively large amounts of contingency bid items, roughly estimated quantities, or potentially unknown required work. These have traditionally been maintenance-type contracts, such as:

- Bridge maintenance
- Guardrail repair
- Signal and lighting maintenance
- Retracing markings and replacing markers
- Pavement patching and spot repairs
- Incidental concrete repairs
- Sinkhole repair
- Sign repair and replacement
- Asbestos removal
- Pipe and culvert repair

These are procured through a specialized Design-Bid-Build method that VDOT calls “On-Call” contracts. This method has also more recently been used, when the conditions warrant, for work such as:

- Bridge repairs
- Signal, lighting, and ITS upgrades and installations
- Guardrail upgrades and additions
- Sidewalk upgrades and installations
- Rumble strips and raised markers installations
- Minor asphalt paving
- Rural rustic road improvements
- Fence replacement
- Pipe and culvert replacement

Under the On-Call method as it currently exists, the Designer develops a plan with estimated quantities determined from current field conditions, historical data, and projections of future deficiencies. The amount of a particular work item within the project is often unknown. Required work is often in response to accidents (past or future) and/or infrastructure failure due to age. Many times, the exact scope of work needed is not known until the entire item is fully investigated. Often, this cannot occur until after beginning the work, especially in regards to a repair. The Designer is required to make a preliminary estimate as to the extent of damage and the amount of projected work. .

Because of the inherit unknowns and the need to be agile in responding to future maintenance needs, VDOT needs more flexibility in managing these type contracts. More flexibility could reduce overhead costs in the project development, project field management, as well as shorten project delivery periods.

PURPOSE

The Virginia Department of Transportation is requesting SEP-14 approval for the implementation of a Pilot Program evaluating the merits of an Indefinite-Delivery/Indefinite-Quantity (ID/IQ) contracting method.

The purpose of the SEP 14 ID/IQ contracts will be to better establish project budgets during the planning phase. Furthermore, ID/IQ contracts will aid in shorter project delivery periods and reduce emergency- type contracts.

SCOPE

VDOT will utilize ID/IQ contracts as a way to competitively bid projects with an indefinite amount of quantity for given work items with work limited to a geographical region for the categories described above. Contractors will competitively bid “estimated” individual work items within the contract without knowing actual quantities or exact work locations. The overall contract value and duration will be set by the Department prior to bid time. The contract will expire upon reaching either the original contract value or the pre-established timeframe set forth in the contract, whichever comes first. The contract will permit two 1-year renewals for the original contract value, based on mutual consent.

SCHEDULE

VDOT would utilize this type of contract for selected bridge maintenance projects. VDOT plans to let four pilot ID/IQ projects for fiscal year 2017. Additional projects may be requested under the SEP-14 pilot program subject to satisfactory evaluation results.

MEASURES

VDOT will analyze the measures below during the ID/IQ pilot program and evaluate the benefit vs. cost to conclude on the overall feasibility of ID/IQ contracts.

- Timeframe to complete the ID/IQ bid documents
- Industry reaction to the procurement process
- Review all bids from bidders and compare prices to the Department's historical bid database
- Reliability of estimated bid quantities
- Responsiveness of contractors
- Quality of work
- Compare the original contract cost to actual task orders issued
- Lessons learned and suggestions for improvements on future innovative procurements

REPORTING

VDOT will provide annual reports to FHWA documenting the status of all pilot projects and providing information regarding evaluation measures.

VDOT believes the procedures described above will result in very successful projects. VDOT looks forward to collaborating with FHWA throughout the life of the pilot program and providing FHWA and other DOTs the benefits of VDOT's experience.



Memorandum

Subject: **ACTION**: SEP-14 for IDIQ Projects

Date: November 14, 2016

From: /S/ Jessie Yung
Division Administrator
Virginia Division

In Reply Refer To:
HDA-VA

To: Pete Stephanos
Director
Office of Program Administration
HIPA-1
Washington, DC

VDOT is requesting SEP-14 approval of Indefinite Delivery / Indefinite Quantity (IDIQ) contracting, specifically their "On-Call" contracting method. We have reviewed VDOT's proposal and recommend its approval. The Division will monitor progress as outlined in the SEP-14 request. We expect this innovative contracting method will reduce life cycle costs to VDOT while maintaining product quality and acceptable levels of contractor profitability. We request your review and concurrence for this request.

FHWA Headquarters SEP-14 concurrence is necessary for any non-traditional contracting technique which deviates from the competitive bidding provisions in 23 USC 112 and its implementing regulations 23 CFR Parts 635 and 636. Attached is a SEP-14 approval request from VDOT to use an on call contracting procedure for the construction of IDIQ projects.

VDOT proposes to implement much needed flexibility to contract critical infrastructure maintenance work and deploy such contracts on a District or Statewide basis. Some of the work includes, but is not limited to:

- Bridge repair
- Guardrail repair, upgrades and additions
- Retracing markings and replacing markers
- Rumble strips and raised markers installations
- Pipe and culvert replacement

VDOT has used IDIQ/On-Call contracts in the past for multiple State funded projects and now has the need to extend such flexibility to Federal funded projects.

A draft version of this request was sent to Mr. Yakowenko and his comments were incorporated into the final document. If you have any questions concerning this matter, please address them to Gilberto DeLeon at (804) 775-3362.

CC:
Jerry Yakowenko - FHWA
HQ Don Silies - VDOT