

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

INTRODUCTION

The Virginia Department of Transportation (VDOT) routinely advertises preventative maintenance and operational contracts with relatively large amounts of contingency bid items, roughly estimated quantities, or potentially unknown required work. These are procured through a specialized Design-Bid-Build method that VDOT calls “On-Call” contracts.

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. Many times, the exact scope of work needed is not known until the entire item is fully investigated. The Designer is required to make an educated guess as to the amount of projected work. The construction staff issues task orders to the contractor depicting the work and setting the time limit for each task during the life of the contract.

Because of the inherent unknowns and the need to be agile in responding to future preventative 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. 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. VDOT would utilize this type of contract for selected preventative maintenance projects which are federally eligible as identified in the preventative maintenance agreement between VDOT and FHWA-VA Division.

SCHEDULE

VDOT plans to let pilot ID/IQ projects in fiscal year 2017 -2018 and fiscal year 2019 - 2020.

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 a report to FHWA evaluating the measures listed above. VDOT's report will be completed within six months of the end of the pilot program. Subsequent monitoring will be done via periodic meetings with FHWA Division staff to track the status of all projects. The final report will detail all the measures mentioned above, along with VDOT's conclusion on the viability of ID/IQ as a method to contract these types of projects.

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.