## **Alternative Project Delivery**

Idaho Transportation Department Innovative Contracting Unit

ITDAltContracting@itd.idaho.gov

#### Outline

Overview

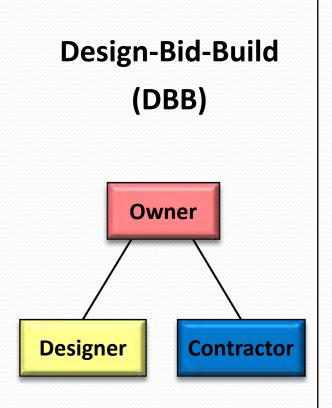
- Project Selection
- Design-Build Procurement Process
- CMGC Procurement Process

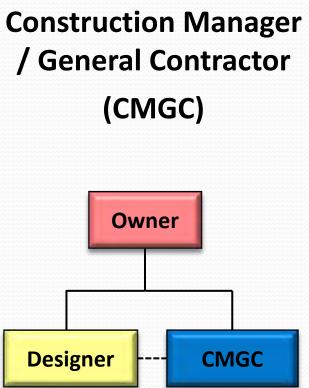
Department Progress to Date

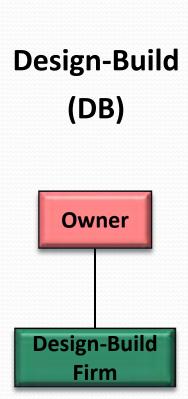
### Authority

- Design-Build: Idaho Code § 40-904
- CMGC: Idaho Code § 40-905
  - 20% limit of annual highway program
  - ~\$60 million annually

### Relationships with Department







# Owner Design-Build Firm

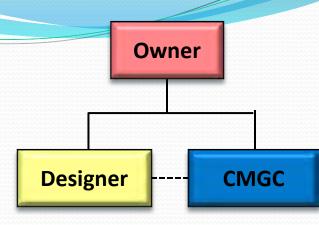
## Design-Build

- Project delivery method in which the design and construction services are included in the same contract.
- The major benefit of this contracting method is time savings because the design and construction activities overlap and construction approach can be customized to the contractor.
- Two-step procurement process:
  - Request for Qualifications (RFQ) results in short-list of firms
  - Request for Proposals (RFP) is best-value based upon technical and price components.

#### Design-Build Methods

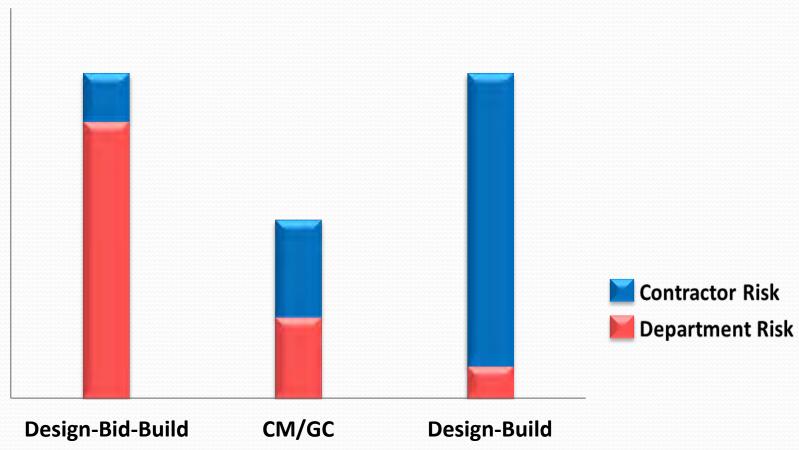
- Best Value: Price divided by the technical proposal score - awarded to the lowest overall score
- Fixed Price, Best Design: Highest technical proposal score
- Lowest Price, Technically Acceptable: Lowest price proposal that meets minimum technical and designer qualifications requirements

#### Construction Manager/ General Contractor (CMGC)

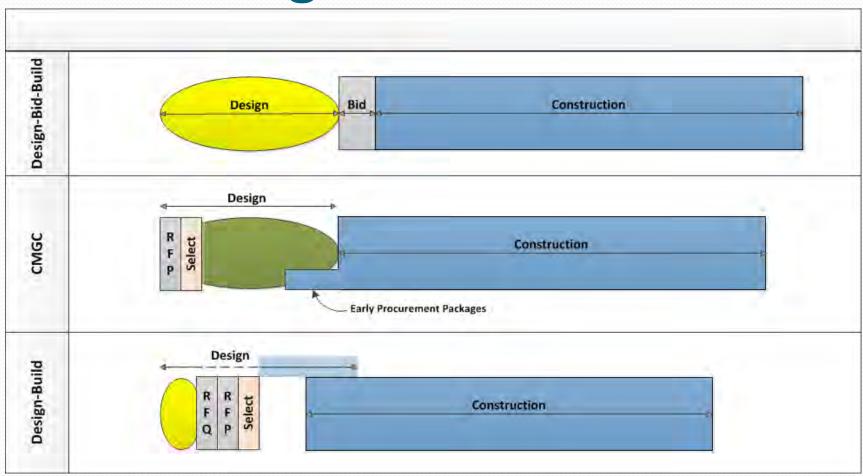


- Project delivery method in which the design and construction manager are contracted separately.
- Allows the Department, designer and contractor to be active in the design process
  - Collaboration during design reviews
  - Customization to a single contractor's techniques, processes, and methods
- First opportunity to bid on construction contract

#### Risk Assessment and Allocation



## **Contracting Methods**



### **Project Nomination Criteria**

- Complexity / Innovation
- Delivery Schedule
- Level of Design
- Risk Factors
- Agency Factors
- Market Factors
- Third Party Coordination

#### Alternative Contracting Project Nomination Form

To nominate a project for alternative contracting methods, complete the Contracting Method Opportunity/Risk Summary table, provide a brief narrative below, and submit this form along with the completed Project Charter (ITD-0332) to the Innovative Contracting Unit at the same time as the annual ITIP submittal.

PROJECT INFORMATION						
Key Number	Project Number	Project Name				
District/Section/Division		Highway Route	Date This Form Submitted	Fiscal Year		

CONTINUE	METHOD OPPORTUR	CMGC	DB
Project Factors	Opportunity/Risk	Opportunity/Risk	Opportunity/Risk
1. Complexity & Innovation			
2. Delivery Schedule			
3. Level of Design			
4. Risk			
5. Agency Factors			
6. Market Factors			
7. Third Party Coordination			

#### Rating Key:

- M Most appropriate
- A Appropriate
- L Least appropriate
- X Not appropriate

#### Opportunities and Risks Summary:

#### Where Owner Spends Effort

#### **Design-Build**

- Define goals
- RFQ/RFP development
- Proposal evaluations
- DBF design reviews
- Contract administration

#### **CMGC**

- Define goals
- RFP development
- Proposal evaluations
- Risk analysis
- Innovation analysis
- Design decisions
- Cost comparisons
- Contract administration

#### Procurement Requirements

- Design-Build: two phase procurement process
  - RFQ for qualifications-based determination
    - Results in a short list of the most qualified firms
  - RFP for technical and price proposals
- CMGC: single phase procurement process
  - RFP for qualifications-based and technical/price proposal

## Design-Build Roadmap

- Overview of DB
  - Benefits
  - Varying degrees of design
  - CFR's that tie NEPA into the DB selection process
- Procurement process
  - Request for Qualifications (RFQ)
  - Request for Proposals (RFP)
  - Alternative Technical Concepts (ATC's)
  - Public price opening
- Stipends

## Benefits of Using Design-Build

- Qualification based selection
- Accelerate construction by combining design and construction under a single contract
- Early contractor involvement to enhance constructability
- Promotes innovation in design and construction
- Reduces risk of owner assuming how project will be constructed
  - Reduce errors, change orders, and material overruns

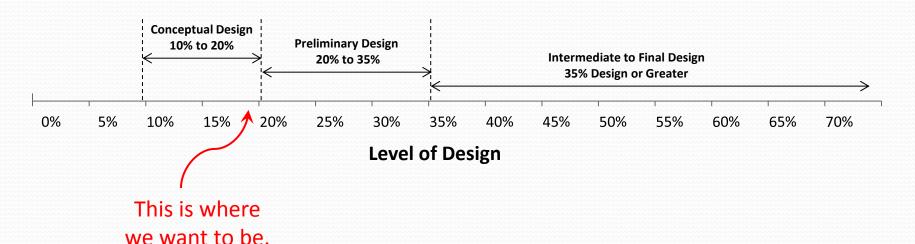
## Varying Degrees of Design in Design-Build

Best Value with Qualifications, Technical & Price Emphasis

(1Best Value & 2Fixed Price-Best Design)

**Best Value with Low Bid Emphasis** 

(3Lowest Price-Technically Acceptable)



## Code of Federal Regulations

- National Environmental Policy At (NEPA)
  - Issue RFQ and RFP prior to conclusion of NEPA
  - Proceed with award prior to NEPA
  - Issue NTP to proceed with Preliminary Design prior to NEPA
  - Proceed with Final Design and Construction after NEPA
- DBF may help with analysis to define alternatives
  - DBF can not make any commitments regarding alternatives
  - NEPA retained under the control of ITD

#### Phase 1: Request for Qualifications (RFQ)

#### REQUEST FOR QUALIFICATIONS

IDAHO TRANSPORTATION DEPARTMENT

Project Name Project No.

**GENERAL INSTRUCTIONS** 

#### **REQUEST FOR QUALIFICATIONS**

IDAHO TRANSPORTATION DEPARTMENT

Project Name Project No.

GENERAL INSTRUCTIONS

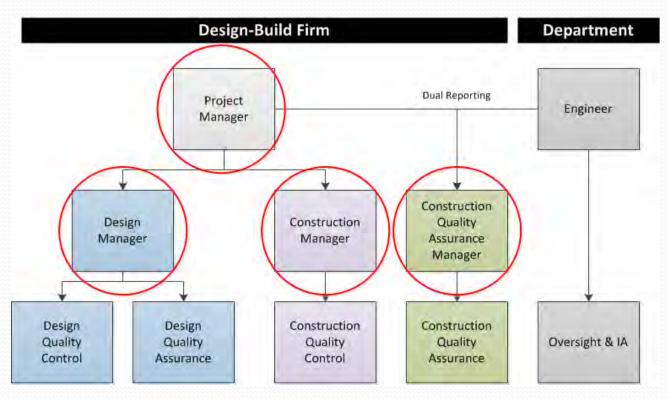
APPENDIX RFQ-A:
STATEMENT OF QUALIFICATIONS
INSTRUCTIONS

#### **RFQ Information**

- Project goals
- Project scope
- Estimated cost
  - Design and construction
- Maximum time allowed for project
  - Design and construction
- Description of the evaluation criteria and process

- Pass/Fail Criteria
  - Formatting
  - Cover Letter
  - Legal
  - Financial
  - Functional Organizational Chart

- Scored Criteria
  - Key Personnel



Cont...

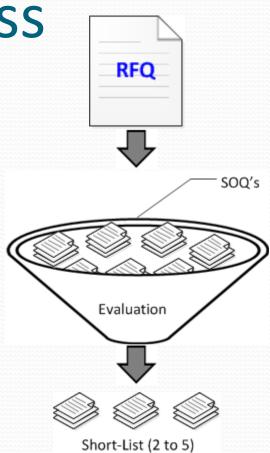
- Scored Criteria
  - Major Participant Experience
    - Quality, timely, and effective project delivery methods
  - Past Performance & Safety
    - History of project delivery success
    - Safety record and commitment to safety

Similar scope, size and complexity!!!

- Scored Criteria
  - Project Understanding and Approach
    - Understanding of the goals and technical aspects
    - Risk identification and mitigation
    - How the proposer will contribute to the success of the project
  - Other appropriate qualification-based selection factors

#### **RFQ Evaluation Process**

- Proposers submit Statement of Qualifications (SOQ) in response to the Department's RFQ advertisement.
- Evaluation Committee
- Selection Committee
- Contracting Officer
- Summary of scores and feedback from evaluators are given to each proposer
- Short-listed proposers advance to phase 2 (RFP)



#### Phase 2: Request for Proposals (RFP)

#### **REQUEST FOR PROPOSALS**

IDAHO TRANSPORTATION DEPARTMENT

Project Name Project No.

INSTRUCTIONS TO PROPOSERS (ITP)

#### **REQUEST FOR PROPOSALS**

IDAHO TRANSPORTATION DEPARTMENT

Project Name Project No.

INSTRUCTIONS TO PROPOSERS (ITP)

APPENDIX ITP-A:
TECHNICAL & PRICE PROPOSAL
INSTRUCTIONS

#### **RFP Information**

- Project goals & scope
- Estimated cost & time (design & construction)
- Deadlines/Milestones
- Base concept information
- Performance and technical requirements (specifications)
- Description of the selection criteria
- Copies of the contract documents
- Reference documents...

#### **Alternative Technical Concepts**

- Equal to or better than the base concept
- Submitted during proposal preparation
- Price proposal shall reflect any incorporated ATCs

- Proposals with ATCs are evaluated against the same technical criteria as those without
- Preapproved ATCs incorporated in a proposal become part of the contract upon award

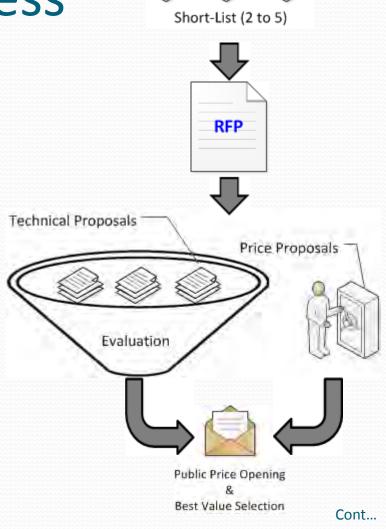
- Pass/Fail Criteria
  - Formatting
  - Executive Summary
  - Legal
  - Financial

- Scored Criteria
  - Organizational structure
  - Project management
  - Maintenance of traffic
  - Project-specific technical and quality factors
    - Design and construction qualifications
    - Innovation\*
    - Design and construction quality\*
    - Time of completion\*

<sup>\*</sup>optional or integrated into other criteria

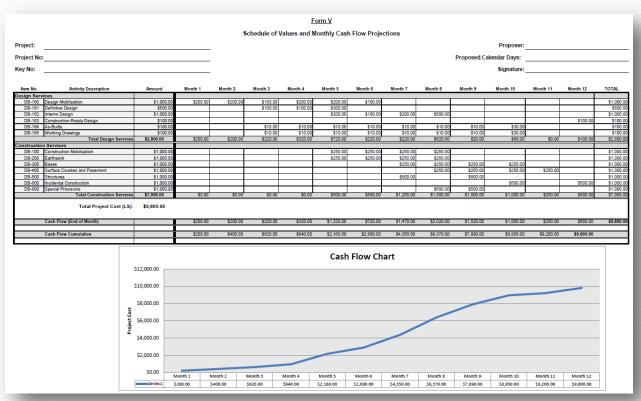
#### **RFP Evaluation Process**

- Technical & price proposal submitted concurrently
  - Price proposal kept confidential until technical proposals have been evaluated, scored and reviewed by higher levels
- Evaluation Committee
- Selection Committee
- Contracting Officer
- Summary of scores and feedback from evaluators are given to each proposer



#### **RFP Evaluation Process**

- Price Proposal
  - Form V: Schedule of Values
  - Overall project price and cash flow estimate



#### **DB Evaluation Process**

Adjusted Score

Adjusted Score = 
$$\frac{\text{Price Proposal}}{\text{Technical Proposal Score}}$$

- Time Component
  - If included, is part of the best value formula

$$Adjusted Score = \frac{Price Proposal + (Value Per Day * Proposed Contract Time)}{Technical Proposal Score}$$

Time proposed becomes the actual contract time

## Public Price Opening

#### **Public Price Opening**

Project: Example Project

Project No: A000(000)

Key No: KN-00000

Date:

Firm	Tech Prop Score	Contract Time	Time Value	Price Proposal	Time Adjusted Price	Adjusted Score	Rank
	(S)	(D, days)	(TV = D x VPD)	(PP)	(TAP = TV + PP)	(AS = TAP/S)	
Short-Listed Firm 1	80	250	2,500,000.00	10,000,000.00	12,500,000.00	156,250.00	3
Short-Listed Firm 2	95	245	2,450,000.00	11,500,000.00	13,950,000.00	146,842.11	1
Short-Listed Firm 3	85	240	2,400,000.00	10,500,000.00	12,900,000.00	151,764.71	2

Value Per Day (VPD) \$10,000.00

## Stipend (DB only)

- Based upon the estimated project costs
  - Can be increased for complexity if needed

Contract Value (CV)	Stipend Base (SB)	Stipend Rate	Stipen	d R	ange	Max %
\$0 - \$5M	0	= CV x 0.3%	0	-	15,000	0.30
\$5M - \$10M	15,000	= SB + (CV - \$5M) x 0.20%	15,000	-	25,000	0.25
\$10M - \$20M	25,000	= SB + (CV - \$10M) x 0.15%	25,000	-	40,000	0.20
\$20M - \$40M	40,000	= SB + (CV - \$20M) x 0.10%	40,000	-	60,000	0.15
> \$40M	60,000	= SB + (CV - \$40M) x 0.05%	60,000	-		

- Short listed, responsive, unsuccessful proposers are eligible
- If accepted, Department owns the work products submitted

#### Break...?

### **CMGC** Roadmap

- Overview of CMGC
  - Benefits of CMGC
  - Parties Involved
- Procurement process
  - Request for Proposals (RFP)
    - Qualifications, Technical and Cost components

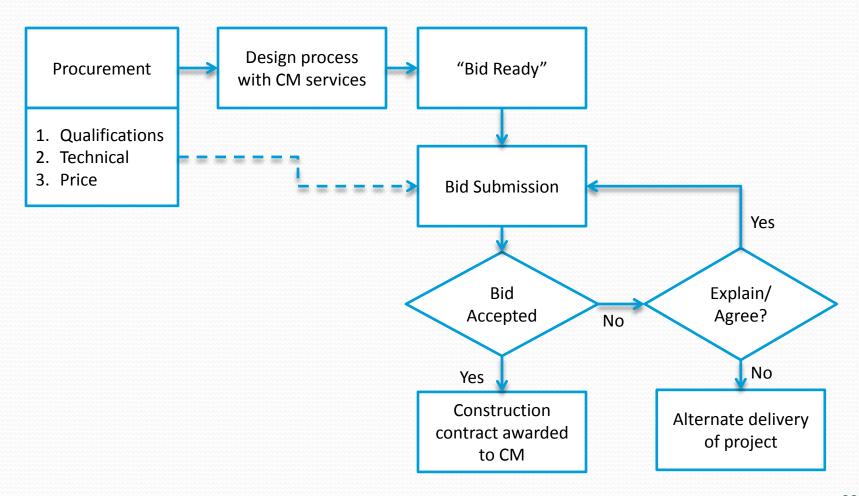
#### Benefits of Using CMGC

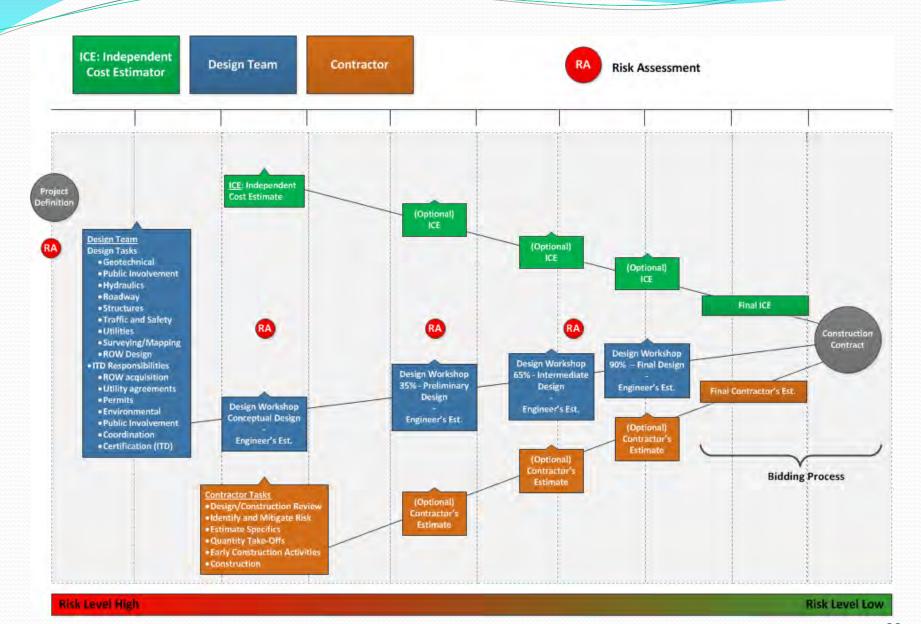
- Innovation and constructability during design through collaboration of CM during design
- Improved constructability
- All parties identify and manage risk
- Agency retains control over design and contractor input
- Fast-tracking of early procurement items and construction phases prior to completed design

### Parties Involved

- Department
- Designer
  - In-house
  - Third party selected through traditional processes by the Department's Consultant Administration Unit
- CMGC
- Independent services such as ICE

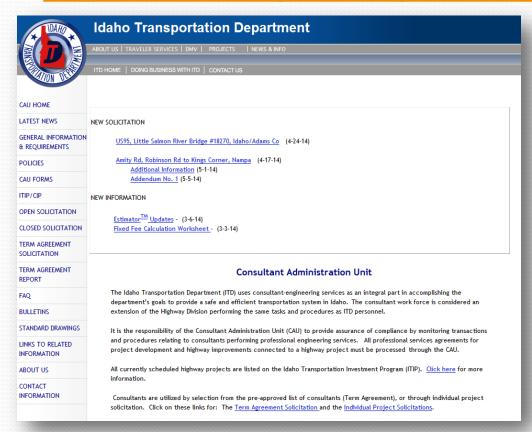
## High Level CMGC Process





## **Consultant Administration Unit**

Website: <a href="http://itd.idaho.gov/design/cau/cau.htm">http://itd.idaho.gov/design/cau/cau.htm</a>



## Independent Owner Services

- Independent cost estimates (ICE) and/or validating estimates
- Risk assessment and management
- Constructability reviews and support
- Schedule development and/or analysis
- Contracting and construction phasing strategies
- Market analysis

## Two-Phase Contract

- Pre-construction services
- Construction services
  - Opportunity to bid after the plans have been sufficiently developed
  - May include pre-purchase packages or advanced construction packages

### **Pre-Construction Services**

- Construction Manager (CM) Pre-Construction Services
  - Risk assessment and management
  - Life-cycle cost considerations
  - Prepare and maintain innovation log
  - Constructability services
  - Alternative construction options
  - Cost development at intermediate project design milestones
  - Construction subcontracting plan
  - Sequencing/phasing of work
  - Construction schedule
  - Construction bid

### **Pre-Construction Services**

Pre-Construction Services Compensation

### (Hourly Rate + Overhead) \* Fee + Direct Expenses

- Hourly Rate based on 2080 hours per year if salaried
  - Certified wage rates required to verify rate
  - No overtime
- Overhead Rate: Fixed rate of 160%
- Fee: Profit margin fixed at 10%
- <u>Direct Expenses</u>: Mileage, travel, per diem and project consumables

Cont...

## **Pre-Construction Services**

### Example

Mr. Smith's annual salary:	\$75,000.00	
Direct Hourly Rate:	\$75,000.00/2080	\$36.06
Overhead Rate @ 160%  Total Hourly Labor Rate:	(1.60 X Direct Hourly Rate) =	\$57.69 <b>\$93.75</b>
Fee @ 10%  Total Hourly Compensation:	(0.1 X Total Labor) =	\$9.38 <b>\$103.13</b>

## CMGC Request for Proposals (RFP)

#### REQUEST FOR PROPOSALS

IDAHO TRANSPORTATION DEPARTMENT

<< Project Name >> Project No. AXXX(XXX)

**INSTRUCTIONS TO PROPOSERS (ITP)** 

#### **REQUEST FOR PROPOSALS**

IDAHO TRANSPORTATION DEPARTMENT

<< Project Name >> Project No. AXXX(XXX)

INSTRUCTIONS TO PROPOSERS (ITP)

APPENDIX ITP-A:
PROPOSAL INSTRUCTIONS

### **RFP Information**

- Project goals & scope
- Estimated cost and timeframes for design/construction
- Deadlines/Milestones
- Key personnel
- Schedule of unit prices for major items and approach to price
- Description of the selection criteria
- Copies of the contract documents

- Pass/Fail Criteria
  - Formatting
  - Executive Summary
  - Legal
  - Financial

- Scored Criteria
  - Organizational Structure
  - Proposer Experience
  - Past Performance
  - Project Management
    - Collaboration with department and designers
    - Cost and schedule management

Cont...

#### Scored Criteria

- Project Understanding and Approach
  - Understanding of project goals and technical aspects
  - Risk identification and management
  - Innovative concepts
  - How the proposer will contribute to the success of the project

Cont...

#### Scored Criteria

- Pricing Information
  - Unit prices of major items
  - Approach to price: assumptions and probability of achieving the proposed price
  - Price rated against other proposers

Proposer's Points = 
$$\frac{Low\ Bid}{Proposer's\ Bid}$$
 x Points Available

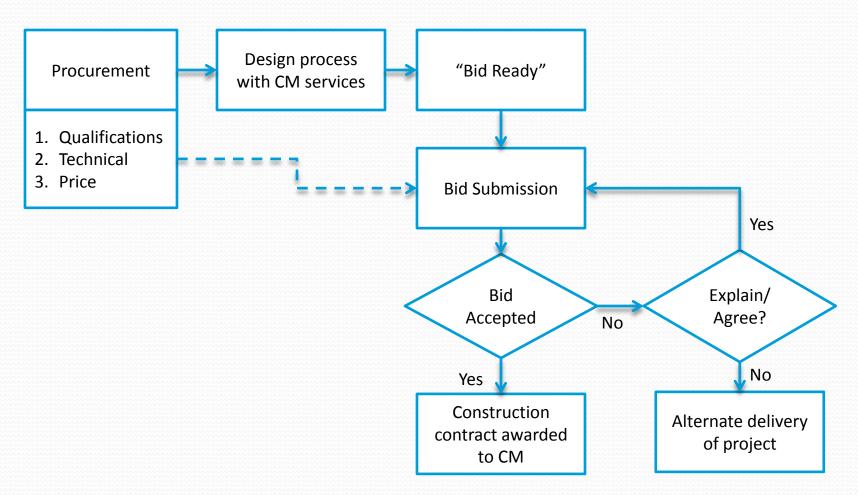
## Interviews

- Optional
- If used, points will be assigned for scoring purposes

## **CMGC Evaluation Process**

- Technical & price proposal submitted concurrently
  - Price proposal score combined with technical score
- Evaluation Committee
- Selection Committee
- Contracting Officer
- Summary of scores and feedback from evaluators are given to each proposer
- Highest overall score is successful proposer

## High Level CMGC Process



## **CMGC** Bidding Process

- Optional pre-bid meeting
- Cost estimating independently by the ICE and the CM
- Cost comparison process
- Clarify scope and bidding approach, and re-bid
- Bid up to three times or as allowed by the state
- If an acceptable price cannot be reached, the Department may elect to advertise, bid and award the contract (traditionally) in accordance with section 40-902, Idaho Code

# Wrap up and questions...

## Tips for a strong response

- Follow instructions
- "Similar scope, size and complexity"!
- Do not simply repeat the requirements in the RFQ or RFP, demonstrate how the proposal exceeds the requirements
- Describe in detail how the project will be executed; include potential risks and issues involved, solutions and mitigation efforts, and contingency plans
- Describe how success will be achieved. Don't leave it up to the evaluators to read between the lines and make assumptions

## 2013 List of DB/CMGC Projects

PROJECT NAME	KEY NUMBER	Construction Budget (\$1,000s)						METHOD	
			FY13	FY14	FY15	FY16	FY17	FY18	
SH-44, Linder Road to Ballentyne Lane	13059	D3	10,000						DB
US-20, Comm. Weight & Safety Compliance Station, Ph3	13573	D6			1,000				DB
SH-55, N Fk Payette Rvr Bridge	13392	D3			3,230				DB
SH-55, Gold Fork Rvr Bridge	13393	D3				1,870			DB
SH-3, St Joe Rvr/St Maries RR Bridges	13383/4	D1					8,491		DB
SH-97, I-90 Overpass (Wolf Lodge)	13382	D1					2,094		CMGC
SH-32, Badger Creek Bridge	13399	D6					625		CMGC
FISCAL YEAR TOTAL			10,000	0	4,230	1,870	11,210		

- Nominated by the districts and bridge section
- Reviewed and approved by Transportation Board
- Federal-aid projects reviewed and concurred on by FHWA

### Additional Information

- ITD Innovative Contracting Unit
  - Website and Advertisement Announcements:

ITD.Idaho.Gov

**Doing Business With ITD** 

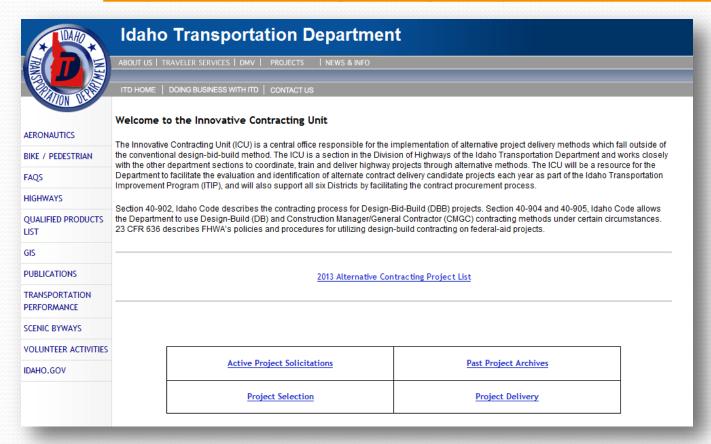
**Alternative Contract Procurement Services** 

- ITDAltContracting@itd.idaho.gov
- SharePoint (internal to ITD):

Division: Highways, ICU

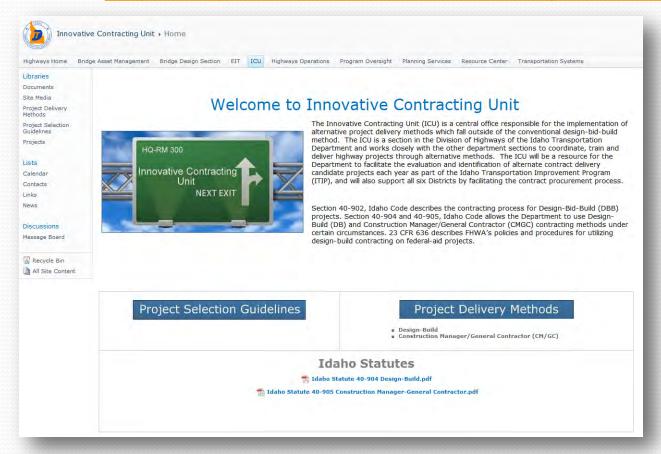
## **Innovative Contracting Unit**

Website: <a href="http://itd.idaho.gov/highways/ICU/default.htm">http://itd.idaho.gov/highways/ICU/default.htm</a>



## Innovative Contracting Unit

SharePoint: <a href="http://itdportal/sites/HW/ICU/SitePages/Home.aspx">http://itdportal/sites/HW/ICU/SitePages/Home.aspx</a>



# Thank you!

