Innovative Contracting Guidelines

Comments received during Reviews and Responses by Construction Management 5/27/03

CO Richard Martinko, 5/26/2003
Comment:
Replace DWZTM's with the District Production Administrator throughout the document.
Response:
Replace the DWZTM with the DPA throughout the document, this action supercedes all the response’s following on this topic.

District 1 Construction: Bruce Merry
Comment:
I have not had a chance to review all of the Manual but I did wonder why the DWZTM's the person to spearhead the selection of a method. I would think this function lies with the Planning Administrator or the Production Administrator. The decision to use an innovative method lies at a higher level than the DWZTM.
Response:
The DWZTM reports to DDD, no action required.

District 5 Construction: Chris Engle
Comment:
On A+B projects, I see there is a requirement for a pre-bid meeting. On the majority of these projects, that is unnecessary. I have no problem with it on large projects, but to have a pre-bid on a box culvert project, for example, would not be worthwhile.
Response:
Prebid meetings will be required I/D and D/B jobs, others optional.

Office of Traffic: Homer Suter
Comment:
In "A+B Contracting" and "Liquidated Savings/Liquidated Damages" there is a sentence that reads " The progress schedule, of the type specified in the contract, shall be prepared and submitted to the District Construction Engineer." Under Requirements, it is stated that PN 107 (CPM schedule) must be included. Therefore, couldn't the sentence cited above be changed to "The Contractor must submit a CPM schedule that complies with Section 108.02 of the Construction and Material Specifications Manual.". This would match the other notes where PN 107 is required.
Response:
Revise as stated: “The Contractor must submit a CPM schedule that complies with Section 108.02 of the Construction and Material Specifications.”
District 9, Construction: Victor Picciano
Comment:
There is one thing that hit me when I reviewed the I/D notes for the Jefferson County project. The following paragraph:
"The incentive payment due or the disincentive payment charged the Contractor, will be processed by change order after completion and acceptance of the critical work for that particular phase."
I know I had this paragraph in my notes for Bridge Street but when it came time to pay the Contractor it was not done by change order. There is a code for I/D on the LIQID screen in CMS. I just manually entered the amount and it posted to the next estimate.
Response:
Will remove in the future and not state that they will be paid by change order. We want to continue with the LIQID screen in CMS.

District 9 Construction: Jim Setty
Comment:
In review of the above draft manual and proposal note, the only comment is as follows:
Page 16 - The first word in the first heading is "THROUGHPUT". Is this correct?
Response:
No, this is not correct. Delete “Throughput.”

District 5 Construction: Keith Geiger
Comment:
1. Page 5, section II - we strongly agree with Jim Barnas #2 and #3 comments on his 01-07-03 email to you. The production project manager and construction area engineer should be the lead individuals in recommending the appropriate innovative contract method(ICM) to the production administrator and the DCE for review and approval, with coordination with the CO program manager for funds management(when applicable). The production proj manager and construction area engineer are the individuals most familiar with the details of a project, from the conception of the ICM through the administration of the same. The prod administrator and DCE would be responsible to ensure uniform and consistent application of the ICM in accordance with the manual, with input from the proposed office of construction area construction engineers(ACE’s). We can see the benefit of reporting the ICM to CO construction for tracking and monitoring purposes, but not part of the approval process, unless there are exceptions to the manual involved.
Response:
Subcommittee was formed determining that DWZTM will take the lead. This process will remain until guideline is tested.

2. The innovative contracting notification form (ICNF) should be computerized to aid in the reporting and tracking process. Also, there is no exception request form in the
appendix.

Response:

Form not needed, just explain the items 1-6 in the manual.

3. The requirement for a prebid meeting for every project with a ICM is excessive, as noted in Jim's # 8 comment. This should be a district decision, as it is now.

Response:

Prebid meetings will be required I/D and D/B jobs, others optional.

4. Page 23, under the Incentive/Disincentive Amount paragraph, the two [ ]2 should be [ ]1 to correspond to the open to traffic date.

Response:

Revisions made.

5. Liquidated savings/damages and A+B methods address what to do if the contractor impedes traffic after opening to unrestricted traffic(daily disincentive), shouldn't the other methods?

Response:

Add “Open to unrestricted traffic” description as follows: “In the event the Contractor impedes the flow of unrestricted traffic subsequent to the opening to unrestricted traffic, the Contractor shall be assessed a liquidated damages according to 108.07 per day for each day or a portion of each day traffic is restricted.”

6. Page 28, first paragraph, 4th sentence should read "The calendar days for opening to unrestricted traffic shall NOT be longer than [ ]3 days.

Response:

Revisions made.

7. Page 31, Innovative contracting notification form- it appears much more information should be included in order to properly address the factors and conditions for choosing any given ICM, as well as information in part III to properly track, monitor and evaluate the performance of any given ICM used.

Response:

No Revisions at this time.

Industry Representative: Woody Anderson

Comment:

A + B Contracting
Contract Time - First Sentence - "---specified by the Contractor in the Proposal for the---"

Response:

No change at this time.

Liquidated Savings/Liquidated Damages
First Paragraph - Contractor
Fourth Paragraph - I still believe and thought it was agreed to state --"complete the project by the final project completion date, liquidated damages----."
Sixth Paragraph - "--- in accordance with the Department's policy on---." Question - Reference and requirements are to Policy. Should there not be reference to the appropriate CMS requirement?

Response: 
Add “date” in fourth paragraph. 
Other changes incorporated.

I/D Contract
The title is not CMS Book Or Manual.
Reference is made to 108.02 of the CMS for the CPM. I can't find any text about a CPM in that section. Should the appropriate Proposal Note be provided here?

Response:
Revisions made.

Lump Sum Incentives
Continued reference to the CMS Manual.

Response: 
Revisions made.

Work Day Contract
Third Paragraph - Rather than stating compliance with 108.02 for the CPM (where there is no info) just provide the proper Proposal Note. Also, more on the CMS Manual.

Response: 
Revisions made.

District 5, Production: Jim Barna
Comment:
1. Currently Estimating requires us to include PN 103 or PN 104 (Value Engineering Change Proposal) for all design projects. When (timeframe) do we anticipate not including PN 103 or PN 104 (Value Engineering Change Proposal) for Innovative Contracting projects? This could be of issue. We could be including innovative contracting on a vast majority of our projects.

Response: 
Coordinate with Office of Contracts, no VECP notes when Innovative contracting notes are used.

2. We feel the project manager in production in lieu of the DWZTM should be the person responsible for including innovative contracting in the plans. The DWZTM has many other responsibilities and besides the production project manager is the most familiar with the plans and the project.

Response: 
3. We feel the production administrator and the district construction engineer should be the persons responsible for assuring the appropriate innovative contracting method is selected. Filling out a form and sending it to the Office of Construction Administration as well as coordinating with the district planning administrator and central office program manager is much too bureaucratic and inefficient. The production departments as well as the district construction departments are quite capable of using the manual and determining the appropriate innovative contracting method. Regarding exceptions to the innovative contracting manual, we concur they should go through central office.

Response:

It is agreed that Production and Planning and Construction need to be involved in the process, but the DWZTM will remain the coordinator.

4. On page16, the calculation Procedure. $17/hour for cars and $31.5/hr. for trucks seems incorrect. We are requesting information on the sources of these user costs. Usually the user cost breakdown for a truck versus a car is substantially different. We currently utilize 34.5 cents per mile for cars and $1.80 per mile for Commercial Trucks.

Response:

Quewz 98 was used and updated to generate the costs listed. No revisions at this time.

5. We feel the minimum default value for the innovative contracting methods should be $1500.00 in lieu of $3000.00. We have decreased construction contract times on small projects using a $1500.00 daily incentive.

Response:

The value is the default, not the minimum, no change required.

6. Check your CPM requirement sentence at the end of each innovative contracting definition paragraphs. Most refer to incentive/disincentive in lieu of the appropriate method.

Response:

Revisions incorporated.

7. We feel that projects with interim completion dates be the general criteria for selecting the incentive/disincentive contracting method.

Response:

No change at this time.

8. We feel the prebid requirement for all innovative contracting methods is excessive. We have been using A+B bidding without prebids, especially on the small projects, for some time now and we are not experiencing any difficulties. We feel it should be based upon the complexity of the project. Major new, major bridge, and major widening are examples of where it should be required and resurfacing, small bridge replacements are examples of where it should be optional.

Response:

The 5525.20 of the Ohio Administrative Code requires Incentive/Disincentive projects to
District 8, District Work Zone Traffic Manager Walter Bernau,

Comment:

Sheet No. 4. Can a portion of a project use an Innovative Contracting Method in lieu of the entire project? For example, we have had success in our District using Design/Build for the maintenance of traffic on bridge painting, part-width bridge construction, complicated resurfacing projects on our urban interstates, etc. while the remainder of the contract was a traditional contract.

Response:

Yes, as allowed in the description of the work to be completed in most circumstances. No change at this time

Sheet No. 6 Item 6 states only "candidate" projects need to have an Innovative Contracting Method chosen for it but Gary Angles said all projects will have an Innovative Contracting Method unless an exception request is approved. Will all projects have an Innovative Contracting Method, just those meeting the Project Criteria, what is the policy concerning the use of Innovative Contracting Methods?

Response:

All projects will have innovative contracting form filled out, only projects meeting criteria and selected will have Proposal Note added. No change at this time.

Sheet No. 7 Item D-3 The distance of the detour shouldn't be the criteria used to determine if an Innovative Contracting Method should be used or not but instead the road user costs associated with the detour. A very long "official" detour (the local detour may be used by a majority of the road users minimizing the impact the closure has on the motorist) may have very few vehicles using it resulting in a minimal impact to the motorist while a very short detour may have a large volume of traffic.

Response:

No change at this time

Sheet No. 13 Why can't A+B be specified as a sub-part of the contract? For example, you may have an interstate rehabilitation project where the overhead structures are being replaced. The contract could specify A+B contracting for the overhead structures so the impact to the locals is minimized. Currently we may specify a certain number of days the contractor has to complete the work on each overhead structure but that process doesn't optimize their efficiencies so the work is completed in a timely manner. It's been my experience the locals are more interested in how we are addressing the maintenance of traffic on the surface streets than on the interstate because the interstate is kept flowing by the policies we have put in place minimizing delay by adding pavement, etc. We currently break most of the items related to the structures out into their own sub-summary so all we would have to do is continue with that concept and include some of the critical MOT items if we choose to use A+B on the bridge only.

Response:
The term "work zone" is misleading. The amount of time being calculated in Item 6 should be the distance from the point where traffic is officially detoured from the route which is closed to traffic. To me, the work zone is the area where the first advance warning sign is erected near the project not at the point where traffic is being detoured. Clarification on what is meant by "work zone" will be necessary.

Response:

Revise to “Area of Detour”

The road user costs associated with traffic using the official detour and the local detour need to be combined into the costs for the detour and then subtract the cost which the road user would incur prior to closing the road using the original route in order to determine the actual costs the detour will inflict upon the motorist on a daily basis. Thanks

Response:

No change at this time

District 4, Production: Lisa Jaynes

Comment:

Descriptions
Liquidated Savings Contract
- According to the note, the savings/day do not have to equal the damages/day.

Matrix
a] The matrix shown is very vague. Most of the projects have ‘yes’ for all of the innovative contracting methods. The previous versions (from May 2002) showed a preferred method for certain types of projects. The Project Criteria are better defined but seem to describe all of our projects in one manner or another. The matrix might be more helpful if it used the criteria for selection instead of project type.

Response:

No change at this time

b] Why is Lump Sum not ok for 2-lane & 4-lane resurfacing, but ok for bridge painting? All are maintenance-type projects.

Response:

Once the Manual is finalized we are planning on going out to the Districts to train and answer specific questions. No change at this time

c] Why is Work Day contract ok for new bridges and bridge repair, which could require new beams to be ordered, but not ok for crack sealing, guardrail, RPM’s or striping [which I believe would work well]. If the Work Days is not to be used on signals or signing projects due to uncertain lead times for poles/supports, wouldn’t the same hold
true for bridge beams?

Response:

*Once the Manual is finalized we are planning on going out to the Districts to train and answer specific questions. No change at this time.*

**Project Criteria**

a] In bullet E, ‘requires’ should be ‘require’.

Response:

*Revise “requires” to “require”.*

**Organization and Responsibilities**

a] It appears that the Innovating Contract decision will be made before the particulars of the project are known and it seems as though the designers have been left out (or worse, delayed by waiting for an answer from the committee).

Response:

*Participation of decision making is required. No changes at this time.*

b] Bullets A.3, A.5, A.7- This seems to require a lot more paperwork. The information in the Innovative Contracting Notification Form is minimal and most of it can be obtained in Ellis. Since some of the methods deal with incentives, shouldn't there be a field in Ellis for this? Other information in the ICNF seems to come from Construction anyway.

Response:

*Will look into making the forms computer accessible. No changes at this time.*

c] Bullet A.5- The actual project start date won’t be known until the pre-con meeting.

Response:

*The District should notify the Office of Construction Administration when the start date is set.*

d] Bullet A.7- If this info is placed in Ellis, the project engineer could input the info for part 3.

Response:

*No changes at this time.*

e] Bullet B.3- If this info were included in Ellis, the database would be readily available.

Response:

*No changes at this time.*

f] Bullet D.3- Who decides what the blank values are? Will C.O. agree with District decided values?

Response:

*District will determine values. No changes at this time.*

Pages 9, 10, 11, 12, 14- see Proposal Notes for comments. Why are these included?
They are only repeats of the designer notes.

Response:

These pages give a general description of the methods only. No changes at this time.

Page 13 [Design-Build]
a] section I.E & II.A.6- Looking for expertise that ODOT does not have is NOT a reason to go DB. If anything it is a deterrent since the plans still require review and DB’s only permit 2-weeks for the review. The District must have a consultant on board and prepared to give a full review in less then 2-weeks since the District should give a cursory review of the consultants review to verify it makes sense and addresses the Districts concerns.

Response:

There are many reason to use D/B, Reducing the time for plan preparation is justification but we still feel a lesson is learned from the Industry expertise. No changes at this time.

b] section II.B.1- Consultants are typically not familiar with the simplified plan format.

Response:

No changes at this time.

Calculating Detour Road User Costs-

a] D-4 typically calculates this cost using mileage rather then time. It is quicker to do and if the Detour is within an urban area, to calculate time would require consideration of signals and/or congestion.

Response:

Quez program should be used at shown. No changes at this time.

Proposal Notes

- Work Day Contract;

a] In the 2nd sentence ,what if a project is delayed? The Notice to Proceed Date could have to be changed.

Response:

Delay on selling the project would be evaluated on each project. Date may have to be changed. No changes at this time.

b] In the last paragraph, Why not allow any of these days if the contractor has them scheduled? In fact, on just about all of our Interstates the contractor is forced to work nights and/or weekends. Why not permit winter work if the type of work permits it? The 2002 spec book gives winter weather days.

Response:

Winter days could be looked at with so many weather days built in as per 108.06-1. No change at this time.
c] In the requirements/conditions for use,
- Why is a pre-bid mandatory?
- The completion date should be set no later than October 15 to prevent runover into the winter months if winter work is not permitted.

Response:
Remove requirement for prebid meeting from designer notes. October 15 completion date should not be an issue when using the 2002 CMS. No change at this time.

-Lump Sum Incentive;

a] In the Criteria for Selection, 3rd bullet, should be ‘The project will be difficult to complete within the incentive time’.

Response:
Revise bullet 3 to: “The project will be difficult to complete within the incentive time”.

b] In the requirements/Conditions:
- Why must a pre-bid be held?
- Add a bullet “If project has local funding, verify that the locals are willing to participate in the Liquidated Savings

Response:
Prebid meeting requirements changed; LPA policy will determine participation.

Incentive/Disincentive Contract
General- This note has been greatly reduced. Several things were removed that I believe were beneficial, ie;
- the paragraph stating how damages were paid if the project extended past the completion date {greater of the 2 damages but not both}.
- project could be partially accepted.
- the paragraph where the contractor must justify why additional manpower, etc cannot be utilized to maintain the schedule.

Response:
The Proposal notes were standardized, and redundant material was removed. Definitions are now in the CMS. No change at this time.

a] Under I/D amount; 1st line, the superscript ‘2’ should ‘1’. In the 3rd line, the superscript ‘2’ should be a ‘1’.

Response:
Revisions made as noted.

b] Under requirements/conditions,
- 3rd bullet, why is a prebid mandatory?
- 5th bullet, delete the ‘traffic safety, traffic maintenance’ since these are undefinable money-wise.
- Add a bullet “If project has local funding, verify that the locals are willing to participate in the Liquidated Savings

**Response:**

**Prebid meeting requirements changed; traffic safety, traffic maintenance is working from the ORC; LPA policy will determine participation.**

- In Variables,
- #1, 2nd sentence, the designer should keep in mind that if the intent is to have road open to unrestricted traffic, the date must be less then the contract time to permit finishing work [ie; seeding, punch list, signal 10 day burn test, etc].

**Response:**

**The blanks must be filled in by the District. No change at this time**

**Liquidated Savings/Liquidated Damages**

a] Under Amount, 1st paragraph, 2nd line, add ‘with no maximum’ to the end of the sentence.

**Response:**

**The ORC requires a maximum. No change at this time**

b] Under Conflicts, ‘Special Clauses for Calender Days of Contract Time for Opening to Unrestricted Traffic’ should be ‘Special Clauses for Liquidated Savings/Liquidated Damages’

**Response:**

**Revise ‘Special Clauses for Calender Days of Contract Time for Opening to Unrestricted Traffic’ should be ‘Special Clauses for Liquidated Savings/Liquidated Damages’**

c] Under requirements/conditions,
- 3rd bullet, why is a prebid mandatory?
- Add a bullet “If project has local funding, verify that the locals are willing to participate in the Liquidated Savings.

**Response:**

**Prebid meeting requirements changed; LPA policy will determine participation.**

**A+B**

a] Under Maximum # days, replace ‘will’ with ‘is’.

**Response:**

**Revise “will” with “is”,**

b] Under Total Contract Amount, 4th paragraph, replace ‘624.06’ with ‘624.04’ since it was changed in the 2002 spec
Response:

Revise “624.06” with “624.04”.

c] Under Contract Time, 1st paragraph, 5th line, add ‘not’ between ‘traffic shall’ and ‘be longer’.

Response:

Revise “add ‘not’ between ‘traffic shall’ and ‘be longer’”.

d] Under Criteria, 4th bullet, delete ‘public interest’

Response:

Delete public interest.

e] Under requirements/conditions,

- 3rd bullet, why is a prebid mandatory?
- Add a bullet “If project has local funding, verify that the locals are willing to participate in the Liquidated Savings.

Response:

Prebid meetings will be required I/D and D/B jobs, others optional. LPA policy will determine participation. No changes at this time.

Warranty

a] Under Application Guidelines, 3rd sentence, revise ‘defect’ to ‘defects’

b] In the title of SS 893 & 894, revise ‘bridges’ to ‘bridge’

Response:

Revise defect to defects and bridges to bridge.

District 2, Production: Aaron Behrman

Comment:

In the Introduction:

Work Day Contract is setting the construction days to complete a project or portion of a project after the notice to proceed is issued. What are you defining as a notice to proceed? Is this a verbal, a written statement or what?

Response:

Add definition of Notice to Proceed to the Proposal Note

Under Organization and Responsibilities:

A. District Work Zone Traffic Manager (DWZTM)

There is no mention of ELLIS? Would we not want the contract method added to Ellis? I would think we would want to add these to Ellis like we do now for A+B.
Can Local Let contracts use these concepts? I think some local let projects would benefit from the use of these notes. How the local would pick them could be a problem though.

Response:

**IPA policy will address. No changes at this time.**

What is the implementation plan for the use of these notes? What I am getting at here is that this manual is mostly geared toward the Production area. I think we need a similar manual for the Construction area so that they know how to handle each of the different proposal notes. I know when D2 first started the A+B note I had to explain, (like 5 times to different people) how the note worked. The question even arose at first “How do we pay the incentive? By Change order or by using the Incentive or Disincentive CMS screen?” Simple questions like this need to be addressed so that the implementation of these notes is not a nightmare.

Response:

**Policy will go into effect in May 2003. No changes at this time.**

What are the time frames for each step? My thought here is that I think you would want to state in what stage of the 14 or 10 step PDP process these steps should happen.

Response:

**Training will be done in Districts after policy is released. No changes at this time.**

1. The DWZTM shall coordinate with District Planning and Production Administrators in the review of all current projects under development to determine if innovative Contracting Methods should be used. Candidate projects will be identified by requirements listed in “PROJECT CRITERIA.”

Response:

**Add Project Manager/s to this list**

5. Whenever a project with an innovative contracting proposal note sells, the DWZTM shall notify the Office of Construction Administration and the Central Office Program Manager (when applicable). A copy of the “ICNF Part II” shall be included with the notification. The notification shall include detailed project start date and completion date information. The “ICNF Part II” shall include the previously submitted Part I information. **Maybe, make this a part of the plan package, I think that it would just be easier to submit it with the plan package so that no one forgets to send it in.**

Response:
Training will be done in Districts, this process tweaking could be used. No changes at this time.

6. Upon completion of a project using an innovative construction contracting method, the DWZTM shall submit Part III of the ICNF to the Office of Construction Administration. Included with this submission shall be the previously submitted Parts I and II of the ICNF. Why not make this part of the post construction meeting? Again this streamlines the process.

Response:

No tracking method for post construction meetings. No changes at this time.

B. Office of Construction Administration

1. Office of Construction Administration will review the "Innovative Contracting Exception Request” and make recommendations to the Innovative Contracting Exception Committee. Who will that person be? If this person is making recommendations on the districts behalf I want to know before hand what those recommendations are. Why you may ask? Because if there is something I may have left out or can slightly change before it goes to the committee that will get a positive recommendation from this person then I may have just saved myself 3 weeks. I know this is picky stuff but we all know this will happen.

Response:

This person has not been named yet. No changes at this time.

2. The Office of Construction Administration will be responsible for creating a data base containing information about every project that uses innovative contracting. The office will also be responsible for monitoring and evaluating the success/failure, costs and benefits of each project. Will be all be able to access the DB? I know I would want to see what other districts have done. (ie: How another district my have got an exception approved. )

Response:

Details have not been finalized, but the final tracking system should be available to everyone. No changes at this time.

C. Innovative Contracting Exception Committee (ICEC)

1. The Innovative Contracting Exception Committee will consist of the Deputy Director of the Division of Construction Management, the appropriate Central Office Program Manager, the Administrators of the Office of Construction Administration and the Office of Traffic
Response:

**This would be the same for all projects. No changes at this time.**

2. The committee will consider all Innovative Contracting Exception requests and will approve, reject or request additional information. The committee will have three weeks to respond with reasons. **Is there an appeal process?**

Response:

**There is no appeal process at this time. It is hoped that the DDD would relay any opinions in the decision making process. No changes at this time.**

In the Appendix section: Calculating Road User Costs:

I am just curious of this is has gone through the DWZTM committees to be sure this is how they are doing it know?

Response:

**The Office of Traffic recommends the Quewz 98 program be used as shown. No changes at this time.**

In the Appendix section: Proposal Notes:

**Work Day Contract - Proposal Note**

The Contractor shall complete all work, to open [____]¹ to unrestricted traffic within [____]² work days.

The Contractor shall proceed with the above-mentioned work no later than, [____³].

Extension of contract time will be for Work Days and calculated in accordance with the CMS 108.06.B, 108.06.C, and 108.06.D. **Is 108.06A waived?**

Response:

**Yes it is waived, no conversion to calendar days. No changes at this time.**

The Completion Date for this Contract is the number of Work Days added to [____³]. The Contractor shall have completed the work on or before the calculated Completion Date; otherwise the Engineer shall proceed as provided in CMS 108.07 or 108.08. **Are work days calculated as stated below or as in 108.06A?**

Response:

**Do not convert work days to calendar days. No changes at this time.**
If added work impacts the critical path, the Engineer will extend the completion date by adding to the number of Work Days. Is this not covered in 108.06D?

Response: **The critical path tie is not discussed in 108.06D. No changes at this time.**

The Engineer will prepare a weekly statement showing the working days charged and the working days remaining on the Contract. The Engineer will make this statement available to the Contractor in a mutually agreeable location within 2 business days after the week covered in the statement.

A Work Day is defined as any calendar day, except Saturdays, Sundays, Department specified holidays, and the period from December 1 to April 30, both dates inclusive, on which weather or conditions not under the control of the Contractor will permit Work to proceed for at least 8 hours of the day engaged in performing the critical items of work.

What is critical work? Maybe this should state critical path work or just ALL work? What is critical to me may not be critical to you. This comment applies to all of the statements of similar wording.

Response: **As defined in PN 107 III.1. No changes at this time.**

What are safety items? Are barrier reflector considered safety items? Again this is too open to interpretation. This comment applies to all of the statements of similar wording.

Response: **As defined in the Final Inspection of Construction and LPA projects. No changes at this time.**

Again what is Notice to Proceed? The Dept. has no defined definition for this phrase. Just state the date and forget all of this notice to proceed stuff.

Response: **Add clarification of definition of Notice to Proceed in designer notes.**

What happens if the contractor starts before the stated date? Does the clock start? If not, we are just setting the ending date and not the start date.

Response: **Start the clock. No changes at this time.**

I would hope that PN 107 already complies with 108.02. Delete this redundant sentence. This comment applies to all of the statements of similar wording.

Response: **Delete the third sentence.**

What happens if traffic is restricted? Would the contractor be penalized for this?

Response: **This depends on the specific contract MOT terms. Added restriction clause to some of**
The notes.

Underlined paragraph comments:

This TOTALLY redefines how a work day is defined in 108.06 and will effect how extensions are calculated. Was this the intent?

Response:

A Work Day contract doesn’t look at calendar days 108/.06 is to be used with a calendar day contract. No changes at this time.

What if the contractor had Sat. and Sun. scheduled as workdays or had scheduled work between 12/1 and 5/1?

What are the “Department specified holidays”? - Is this related to our std. holiday note?

What if the contractor had scheduled 10 hour days?

Again what are critical items of work?

Response:

The note states clearly what a work day is defined as. No changes at this time.

Note: I have modified the sentences below in purple to read a little different.

Work Day Contract - Designer Notes:

Purpose and Benefits

Work Day Contract sets the number of construction days to complete a project or a portion of a project. After the notice to proceed (Delete NTP) is received for the contract, the clock starts. Actual Work Days are determined weekly to eliminate disputes. (CPM scheduling is a requirement for Work Day Contracts.)

Contract Administration: A Work Day Contract allows the department to more efficiently administer and staff the project by determining when the project begins (ENDS not begins because the contractor can start before the stated dated.) and the number of days until completion. This method demands a great deal of knowledge about the construction of a project.

Response:

No changes at this time.

Requirements / Conditions for use

Must include CPM schedule, PN 107.

A Prebid Meeting must be held. Why make this mandatory? Keep the same requirements that we have now. I can see for the first several projects a district may want to do this but after I don’t think they would be needed on EVERY project.

Response:

Prebid meetings will be required I/D and D/B jobs, others optional. Designer notes revised.
Do not include PN 103 or PN 104 (Value Engineering Change Proposal) Why not PN 103? Just curious?

Response:

*Most changes determine the time. Possible to look at on Work Day Contract.*

**Note Variables that must be filled in:**
1. Description of what has to be open to unrestricted traffic [Default: Project]
2. Number of Work Days to complete all work [Must be Filled in]
3. Notice to Proceed Date, the date to begin work. [Must be Filled in]

**General comments on this method.**

As you can see I really don’t like this note. There are too many undefined variables. District 2 currently uses the standard Date of Completion note on most of our projects.

IN ADDITION TO THE REQUIREMENTS OF SECTION 108.02 OF THE OHIO DEPARTMENT OF TRANSPORTATION’S CONSTRUCTION AND MATERIAL SPECIFICATIONS, AND IN CONSIDERATION OF THE DEPARTMENT’S INTENTION TO PROVIDE THE AWARDED CONTRACTOR WITH A MORE FLEXIBLE TIME FRAME FOR PERFORMING REQUIRED CONSTRUCTION ACTIVITIES, THE AWARDED CONTRACTOR FOR THIS PROJECT SHALL BE GIVEN A DATE FOR PROJECT COMPLETION IN ACCORDANCE WITH THE FOLLOWING:

ALL CONSTRUCTION WORK ON THE PROJECT SHALL BE COMPLETED ON OR BEFORE THE _____ WORK DAY FOLLOWING THE DATE OF THE DISTRICT HIGHWAY MANAGEMENT ADMINISTRATOR’S (OR DESIGNEE’S) WRITTEN AUTHORIZATION TO PROCEED WITH THE CONSTRUCTION ACTIVITIES BUT NO LATER THAN THE DATE OF [____]³.

THE COMPLETION DATE FOR THIS CONTRACT IS THE NUMBER OF WORK DAYS ADDED TO EITHER THE DATE OF THE DISTRICT HIGHWAY MANAGEMENT ADMINISTRATOR’S (OR DESIGNEE’S) WRITTEN AUTHORIZATION TO PROCEED WITH THE CONSTRUCTION ACTIVITIES OR [____]³, WHICH EVER COMES FIRST. THE CONTRACTOR SHALL HAVE COMPLETED THE WORK ON OR BEFORE THE CALCULATED COMPLETION DATE; OTHERWISE THE ENGINEER SHALL PROCEED AS PROVIDED IN CMS 108.07 OR 108.08.

THEREFORE, THE AWARDED CONTRACTOR HAS A WINDOW OF TIME IN WHICH TO CONSTRUCT THIS PROJECT. FAILURE TO COMPLETE ALL CONSTRUCTION ACTIVITIES, ONCE INITIATED, EITHER WITHIN THIS
I don’t want to step on any toes here but I think a mix of the “Date of Completion” note and the one herein might work better.

Response:
This note is very similar to the Work Day Contract. No changes at this time.

Lump Sum Incentives - Proposal Note

To obtain the Lump Sum Incentive the Contractor must submit a letter of intent to achieve the incentive by [____]. Once the letter of intent is received, (maybe add “and acknowledged by the department,”) the Contractor shall complete all critical work and have the following safety items open to unrestricted traffic by [____]:

Response:
Add “and acknowledged by the Department”.

The following items are designated as critical work and/or safety items: [____]

Response:
Not needed.

If the Contractor submits no letter of intent, the work is to be completed by original project completion date and the Department will not pay the Contractor the lump sum incentive.

The Contractor will be paid a Lump Sum Incentive of [$____] for completing all critical work before of [____]. Is “all critical work” defined as the just the stuff mentioned above or is it all work shown on the critical path?

Response:
During a certain period of time on the schedule they should be the same items. No change needed.

The Contractor must submit a CPM schedule that complies with Section 108.02 of the Construction and Material Specifications. See previous comment on this.

Extensions of time will be for calendar days and calculated in accordance with Section 108.06 of the Construction and Material Specifications.

See previous comments on critical work and safety items.

General Comments on this method:

The items designated as critical work must be chosen with great care. Stating a MOT phase for example would not be good.
What happens if the phases are changed or flip flopped?

Here is a sample description of a situation:

1. Phases 3 and 4 are designed as critical work within this note for a two year project. Phase 1 and 2 are for 1st year construction and 3 & 4 for 2nd year.

2. The contractor submits his CPM showing a 3 & 4 completed first year but still the total project will end on the original completion date.

3. District accepts this schedule.

4. The contractor now submits a letter of intent.

What happens? The contractor will still have the items designated as critical work done by the stated date. In my mind we would be stuck paying the contractor.

Don’t get me wrong, I don’t think a district would be stupid enough to do this but it would tend to tie the districts hands on completing the project as described in the plan even though the general public may be better served by the change.

I think this a good note but those designating the critical work will have a hard time of it.

Response:

**No changes at this time.**

**Lump Sum Incentives - Designer Notes:**

... Requirements / Conditions for use
Must include CPM schedule, PN 107.
A Prebid Meeting must be held. - See previous comments.
Why not restrict PN 103 and PN 104 on this one?

Response:

**Prebid meetings will be required I/D and D/B jobs, others optional, and Remove PN 103 and PN 104 for this note.**

**Incentive/Disincentive Contract - Proposal Note**

... Incentive/Disincentive Amount:
The Contractor will be paid a daily Incentive of \[\text{[______]}\] for each day that all critical work is completed before \[\text{[______]}\]. The incentive payments shall not exceed \[\text{[$______]}\]. The Contractor will be assessed a daily disincentive of \[\text{[$______]}\] for each day that all critical work is not completed after \[\text{[______]}\].

\[\text{[______]}\] shown in this sentence should be \[\text{[______]}\].

Response:

**Revise as shown above, change superscripts.**

The Contractor must submit a CPM schedule that complies with Section 108.02 of the Construction and Material Specifications. See previous comments on this.

Extensions of time will be for calendar days and calculated in accordance with CMS 108.06 except as
follows: no extensions of time will be granted for delays in material deliveries (unless such delays are 
industry wide), labor strikes (unless such strikes are area wide) and inclement weather except in cases of 
area flooding, blizzard conditions or significant wind or tornado damages.

See previous comments on critical work and safety items.

ALL LANES! Does this include lanes on side streets, ramps, just mainline or what?

See previous comments on designating critical work.
Response:

All lanes as described in “Critical work”.

Incentive/Disincentive Contract - Designer Notes:

Requirements / Conditions for use
II. Must include PN 107 (CPM schedule).
III. Do not include PN 103 or PN 104 (Value Engineering Change Proposal) Why not just PN 104?
Response:

No changes at this time, no VB on the I/D jobs

IV. A Prebid Meeting must be held. Again Why on every project?
Response:

Prebid meetings will be required I/D and D/B jobs, others optional.

Liquidated Savings/Liquidated Damages - Proposal Note

... The Contractor will submit the progress schedule that includes, at a minimum, the starting and 
completion date for major items; date open to unrestricted traffic; and final completion and cleanup in 
accordance with the proposal. If the proposal or plans specifies other controlling dates, these shall be 
included in the progress schedule. Isn’t this in PN107?

Conflicts:
To the extent that there are conflicts between the Special Clauses for Calendar Days of Contract Time for 
Opening to Unrestricted Traffic and the Construction and Materials Specifications, the Special Clauses 
shall govern.

It think the stuff in green is in the wrong note.
Response:

Remove “for Calendar Days of Contract Time for Opening to Unrestricted Traffic”.

All previous comments apply to similar wording.

A + B Contracting - Designer Notes:

Requirements / Conditions for use - See previous comments about prebid and pn 103
Response:
**District 12, Roadway Services: Dennis O’Neil**

**Comment:**

1. All contracting methods should state if weather days are allowed or not.

**Response:**

*Only used on I/D currently. No weather days for I/D at this time. No changes at this time.*

2. Would like to have A+B for part of the project. If there is a project that only part of the project will effect traffic than that is the part we want contractors bidding for time. We have done this and it works. It is wasted money if there is not a be impact on traffic or if we can get traffic flowing. The ODOT administrative costs are generally very small next to the road user costs.

**Response:**

*I/D can be used on portions of projects, A+B is only used on entire projects. No changes at this time.*

3. Under Calculating Road User Costs, for Lane Closures. Quewz-98 is a good program but the dollar amounts are astronomical. If these costs where used they would bankrupt any contractor. ODOT should use these costs to compare alternate MOT schemes that would reduce these costs. ODOT has to come up with a figure that will motive the contractor but not scare him and cause the bid prices to increase. See below for an example of 1 lane reduction on 77 for 3 miles in both directions in Cuy. Road User Costs come up to over $700,000 per day.

In past experience $10,000 per day usually gets the contractors attention. So we should take a percent of the Quewz-98 Road User Costs or put a cap on it as to a certain amount of the contract like the incentive part.

**Response:**

*The Office of Traffic has reviewed this analysis and concurs with the costs.*

**Quewz-98 Road User Costs Example.**

<table>
<thead>
<tr>
<th>Innovative contracting Methods Road User Costs</th>
<th>QUEWZ-98</th>
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<tr>
<td>LANE CLOSURE CONFIGURATION:</td>
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<tr>
<td>TOTAL NUMBER OF LANES</td>
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<td>INBOUND</td>
<td>3</td>
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<tr>
<td>OUTBOUND</td>
<td>3</td>
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<tr>
<td>NUMBER OF OPEN LANES</td>
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</table>
INBOUND  
OUTBOUND  
LENGTH OF WORK ZONE  2.00 MILES 
INBOUND CAPACITY  
NORMAL  6900. (VPH)  
RESTRICTED  4140. (VPH)  
WORKING HOURS  3050. (VPH)  
OUTBOUND CAPACITY  
NORMAL  6900. (VPH)  
RESTRICTED  4140. (VPH)  
WORKING HOURS  3050. (VPH)  
TRAFFIC PARAMETERS:  
PERCENTAGE TRUCK  7.  
SCHEDULE OF WORK ACTIVITY:  
HOURS OF RESTRICTED CAPACITY  
BEGINNING  0  
ENDING  24  
HOURS OF WORK ZONE ACTIVITY  
BEGINNING  7  
ENDING  17  
IDLE HC CAR  34.9 (g/hr)  
IDLE HC TRUCK  12.6 (g/hr)  
IDLE CO CAR  218.5 (g/hr)  
IDLE CO TRUCK  94.6 (g/hr)  
IDLE NOX CAR  4.7 (g/hr)  
IDLE NOX TRUCK  53.1 (g/hr)  
Innovative contracting Methods Road User Costs  
QUEWZ-98  
ADDITIONAL ROAD USER COSTS ($)  
HOUR  INBOUND  OUTBOUND  TOTAL  
0-1  5.  6.  11.  
1-2  3.  3.  5.  
2-3  1.  2.  3.  
3-4  2.  2.  4.  
4-5  5.  2.  7.  
5-6  47.  10.  57.  
6-7  5389.  91.  5480.  
7-8  33882.  3712.  37595.  
8-9  70683.  1071.  71754.  
9-10  80297.  345.  80641.  
10-11  72724.  330.  73054.  
11-12  60205.  393.  60598.  
12-13  47708.  532.  48240.  
13-14  36436.  549.  36985.  
15-16  16998.  16567.  33565.  
16-17  12079.  45632.  57712.  
17-18  2521.  67320.  69842.  
18-19  166.  67275.  67441.  
19-20  63.  40362.  40425.  
20-21  43.  4000.  4043.  
21-22  37.  69.  105.  
22-23  26.  25.  51.  
23-24  10.  17.  27.  
TOTAL  465357.  250239.  715596.  

Innovative contracting Methods Road User Costs  
QUEWZ-98  
--------------------------------------------------------------------  
HOUR  APPROACH  CAPACITY  APPROACH  WORK ZONE  QUEUE  
VOLUME  (VPH)  SPEED  (MPH) WORK ZONE  (MPH) QUEUE  (MILES)  
--------------------------------------------------------------------  
0-1  400.  4140.  59.  58.  0.0  
--------------------------------------------------------------------

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<th>CAPACITY (VPH)</th>
<th>SPEED (MPH)</th>
<th>APPROACH</th>
<th>CAPACITY (VPH)</th>
<th>SPEED (MPH)</th>
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</tbody>
</table>

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Response:

The Office of Traffic has reviewed the analysis and determined it is correct. No change at this time.
District 6, Roadway Services: Thom Slack
Comment:  
Page 6: It should be the Production Admin. responsibility to assure that methods are incorporated in the plans.

Response:  
The DWZTC will coordinate the task. No changes at this time.  

Should Part II of the ICNF be submitted after the Pre-con?

Response:  
This will be further explained in the Training. No changes at this time.

Page 8: If the clock starts at notice to proceed, should an approved CPM schedule be required by that point? Is this feasible?

Response:  
Yes, the schedule should reflect the proposal requirements. Clearer definition of Notice to Proceed is added to the designer notes.

Page 12: How does Design-Build provide design expertise that consulting out a traditional contract can't provide?

Response:  
None, just time savings.

Page 13: Is road user cost/day evaluated at a 1:1 ratio? (see Page 29 comment)

Response:  
The Office of Traffic has reviewed the procedure and determined it is correct. No change at this time.

Page 16/17: Delay calculations need to consider the existing delay in the "free flow" condition.

Response:  
The Office of Traffic has reviewed the procedure and determined it is correct. No change at this time.

"No Lanes Dropped" can require QUEWZ analysis due to a loss of capacity caused by narrower lanes, work activity, etc.

Response:  
The Office of Traffic has reviewed the procedure and determined it is correct. No change at this time.
Page 20 (and other locations): Why is a pre-bid required for all innovative methods?

Response:

Prebid meetings will be required I/D and D/B jobs, others optional. Designer notes revised.

Page 29 - footnote 4 (and other locations): How should a calculated user cost be translated into a payable incentive/savings or disincentive/damage? Is a 10:1 or 20:1 ratio suitable? Using 1:1 will result in some unreasonable dollar figures. This is a major issue, in my opinion.

Response:

The Office of Traffic has reviewed the procedure and determined it is correct. No change at this time.

District 7, Planning: Phil Stormer
Comments: Revisions are in red, comments are in blue

Innovative Contracting Methods MATRIX

In determining the usage of innovative contracting methods, the District Work Zone traffic coordinator TRAFFIC MANAGER must follow the suggested process below.

I. PROJECT CRITERIA - Use one of the following when determining if the project should have an innovative contracting method.
A. Projects on the Interstate or Interstate look alike (Define Interstate look alike) that have the following work types:
   1. Major Reconstruction
   2. Major Widening
   3. Minor Widening
   4. New Bridge/Bridge Replacement
   5. Bridge Rehabilitation, Repair & Widening
   6. Interchange Upgrade

Response:

Revisions made to title, other changes not made.

B. Projects should be considered in urban areas with high volumes.
C. Projects that complete a gap in a significant highway system.

D. Major reconstruction or rehabilitation on congested locations as defined by the Office of Planning Congestion Model.

E. Projects on any system that requires the complete closure of a road. Typically, a major bridge out of service and/or a project with a detour.

F. Any project that applies for an Maintenance of Traffic Exception Committee exception.

G. Projects on any system that will significantly impact commercial businesses, school transportation or emergency medical response/access.

II. ORGANIZATION AND RESPONSIBILITIES

A. District Work Zone Traffic Manager (DWZTM)

1. The DWZTM shall coordinate with District Planning and Production Administrators in the review of all current projects under development to determine if innovative Contracting Methods should be used. Candidate projects will be identified by requirements listed in “PROJECT CRITERIA.”

2. After a candidate project is identified the DWZTM shall coordinate with District Planning Administrator, District Production Administrator and Central Office Program Manager (when applicable) to determine what contracting method(s) will be used on the project. The “Innovative Contracting Methods Matrix” of the "Innovative Contracting Manual (Change “Manual” to “Guidelines”) or Change title of publication from “Innovative Contracting Guidelines” to “Innovative Contracting Manual”) shall be the basis for selecting the appropriate contracting method.

Response: Revision made.
3. When method selection is complete, the DWZTM shall submit an "Innovative Contracting Notification Form (ICNF) Part I" to the Office of Construction Administration. The DWZTM shall coordinate the development of the ICNF with District Planning Administrator, District Production Administrator and Central Office Program Manager (when applicable).

4. It will be the DWZTM's responsibility to assure that the contracting method selected is incorporated into the contract plans. (The Production Administrator should be responsible for incorporating the contracting method into the plans. The Production Administrator does not work for the DWZTM therefore the DWZTM cannot compel the Production Administrator to include the contracting method into the plans.)

Response: The DWZTM should work with the DPA in this regard.

5. Whenever a project with an innovative contracting proposal note sells, the DWZTM shall notify the Office of Construction Administration and the Central Office Program Manager (when applicable). A copy of the “ICNF Part II” shall be included with the notification. The notification shall include detailed project start date and completion date information. (The ICNF Part II does not include a space for the Project Start Date or the Project Completion Date. The only related item in ICNF Part II is Completion Time which could be interpreted as the number of days to complete the project or the date the project will be completed.) The “ICNF Part II” shall include the previously submitted Part I information.

6. Should a DWZTM identify a candidate project as defined under” I. Project Criteria” for innovative contracting and then propose that none of the “Methods Matrix” options in the "Innovative Contracting Manual" would be appropriate, the DWZTM shall submit an “Innovative Contracting Exception Request” to the Office of Construction Administration. All candidate projects shall either incorporate an innovative contracting technique or be given an exception approval.

7. Upon completion of a project using an innovative construction contracting method, the DWZTM shall submit Part III of the ICNF to the Office of Construction Administration. Included with this submission shall be the previously submitted Parts I and II of the ICNF.

B. Office of Construction Administration
1. Office of Construction Administration will review the each "Innovative Contracting Exception Request” and make recommendations to the Innovative Contracting Exception Committee.

2. Office of Construction Administration will use the completed project information to continually improve the "Innovative Contracting Manual.”

3. The Office of Construction Administration will be responsible for creating a data base containing information about every project that uses innovative contracting. The office will also be responsible for monitoring and evaluating the success/failure, costs and benefits of each project. (Switch #2 and #3. The creation of the data base in number 3 will precede the Manual improvements in number 2.)

C. Innovative Contracting Exception Committee (ICEC)

1. The Innovative Contracting Exception Committee will consist of the Deputy Director of the Division of Construction Management, the appropriate Central Office Program Manager, the Administrators of the Office of Construction Administration and the Office of Traffic Engineering Administrator.

2. The Committee will consider all Innovative Contracting Exception requests and will approve, reject or request additional information. The Committee will have three weeks to respond with reasons.

Response: Revision made.

D. Innovative Contracting Exception Request

The Districts are expected to provide detailed reasons justifying the exception request. The following areas may be considered for the evaluation of an “Innovative Contracting Exception Request:”

(I ask 3 other people for their suggested values for items 1-3. Our answers are listed in parentheses below.

1. Projects with an ADT of less than _____. (1500, 1500, 5000, and 5000 ADT)

2. Projects with duration of less than ____ number of days. (30, 30, 45, and 60 days)
3. Projects with detours less than _____ feet/miles. (4, 4, 20, and 20 miles)

4. Construction feasibility reduced by innovative contracting methods.

5. Utility considerations make innovative contracting impractical.

6. Others.

Response: The blanks will be filled in at the District. No changes at this time

(The various innovative contract types use different language to refer to the agency “selling” the contract. Work Day Contracts uses “department” several times and “ODOT” one time. Incentive/Disincentive Contracts uses “owner” and “department”. Lump Sum Incentive Contracts do not have any references to the selling agency. Liquidated Savings Contract have two references to “department”.

Is this Manual intended for use only by ODOT or will Local Public Agencies (LPA’s) be allowed and/or required to use this Manual? Once this is decided then the entire Manual, including Appendices, needs to be reviewed for consistency.

If LPA’s are allowed to used innovative construction contracting methods, can they be applied to Traditional projects, Non-traditional projects, or both?

If Locals sell contracts using Innovative Contracting Methods, who selects the method and who selects the contract parameters (work days, liquidated savings, incentive, and etc)?

Response: Some revisions included. As defined in the Final Inspection of Construction and LPA projects.

Work Day Contracts

Definition: Work Day Contract sets the number of construction days to complete a project or portion of a project. After the notice to proceed is received for the contract, the clock starts.

(Is the “notice to proceed” date the date the Contract is signed or can it be any date as specified in the Contract documents? If the notice to proceed data can be any date specified in the contract, then the preceding sentence may need to be reworded to make it clear that other start dates are allowed. Or maybe just delete the sentence.)
We frequently sell a project and delay the beginning of work until some specific date or allow the work within a specific time period, i.e. between June 15th and July 10th, to avoid impacting schools, festivals, and etc. This can also be used to provide adequate time for the contractor to acquire all of the materials needed for the project. Also, 20/30/30/20 forces us to sell projects at times when it is not possible to start work immediately.

Response:

*Clearer definition of Notice to Proceed is added to the designer notes.*

(How is the number of Work Days affected if the Contractor works four ten-hour days versus five eight-hour days?)

(If the CPM schedule does not show work between December 1st and April 30th but the Contractor works during this period, does that count against their allowed number of work days?)

Response:

*Previously answered.*

Actual Work Days are determined weekly to eliminate disputes. (CPM scheduling is a requirement for Work Day Contracts.)

I. Objectives of Work Day Contracts

A. **Contract Administration:** A Work Day Contract allows the department to more efficiently administer and staff the project by determining when the project begins and the number of (work, construction, or calendar) days until completion. This method demands a great deal of knowledge about the construction of a project.

B. **Time Savings:** Work Day Contracts set the number of (work, construction, or calendar) days to complete the project. This method can eliminate or minimize reduce or eliminate the project down time by specifying the number of days to complete the job. It will not save construction time, just better define the construction time.

C. **Project Knowledge:** The department will have more knowledge about the construction sequence of the project. (When will the Department have more knowledge?) This knowledge will allow the department to schedule the project around local events as well as to inform the traveling public of traffic changes.

II. Project Selection

A. **Criteria for Selection:**
   1. The project construction time must be known in order to determine the project work days.
   2. The project should be free from time delay issues such as utility conflicts, right-of-way acquisition or other unresolved issues.
   3. The project must be one that has tight time constraints.

B. **Project Types and Benefits for Each When Using Work Day Contracts**
1. **Small to Mid-Size Projects** - Projects for which a definite number of work days can be determined. (Supply and delivery issues must be considered in determining the number of days.)

2. **Mega Projects** - Large projects can utilize this method but the knowledge of the project and sequence will take time to develop. (Currently the department is not prepared to sell large projects by work day contracts.) A more appropriate application may be used in the completion of a portion of the project. ODOT will need to build a data base to predict the completion dates accurately.

**Liquidated Savings Contracts**

**Definition:** Liquidated Savings provisions for early completion are intended to motivate the Contractor to complete the work on or ahead of schedule. It allows a Contractor to be compensated a certain amount of money for each day identified that the project or a portion of the project is completed ahead of schedule. The Liquidated Damages will assess a deduction for each day the project overruns the allotted time. Liquidated Savings Contracts allow weather days. (Do some Innovative Contracting Contracts not allow weather days?) Also dollar amounts for Liquidated Savings and Liquidated Damages may not be the same. (CPM scheduling is a requirement for Incentive/Disincentive Contracts)

**I. Objectives of Liquidated Savings Contracts**

A. **Time Savings:** The construction time will be decreased if the method is set up properly.

B. **Congestion:** Liquidated Savings Contracts allow the department to shorten the lane closure duration in order to lessen the congestion time.

**II. Project Selection**

A. **Criteria for Selection:**
   1. All projects can utilize liquidated savings.

B. **Project Types and Benefits for Each When Using Liquidated Savings**
   1. **All Projects** - A construction project without early completion incentives
      Benefits: Projects can be completed ahead of schedule, relieving the department of continued project administrative costs.

**Design Build**

**Definition:** Design-Build is the process by which a single entity provides both the design and construction under a single contract between the agency and the design-build (D/B) Contractor. (CPM scheduling is a requirement for Design-Build Contracts)

**I. Objectives of Design-Build**
A. **Time Savings:** Compared to traditional contract procurement, time is saved when the project construction begins during the design level services. Design-Build assigns the design and construction to a single party, allowing some construction work to begin before the final design is completed.

B. **Responsibility:** Design-Build gives singular responsibility (single point of contact for quality, cost, and schedule from inception through construction).

C. **Errors & Omissions:** Design-Build reduces or eliminates change orders and claims due to "errors and omissions."

D. **Innovative:** Design-Build allows the Contractor maximum flexibility in the selection of innovative designs, materials, and construction techniques.

E. **Expertise:** Design-Build provides expertise not available in-house (Example: Intelligent Transportation Systems).

II. **Project Selection**

A. **Criteria for Selection:** (If all 6 of the following selection criteria need to be met before a project is selected to be a Design-Build project then very few, if any, projects will be selected for Design-Build.)

1. The project has a clearly defined scope, design basis, and performance requirements. [Rehabilitation projects are only suitable if the scope clearly defines the amount of the existing conditions to be untouched.]

2. The project is free from complicating issues such as utility conflicts, right-of-way acquisition, hazardous materials, wetland and environmental concerns, or other unresolved issues.

3. The project is an emergency project or a project with tight time constraints.

4. The project involves a significant design effort with the potential to save time and money in the design phase.

5. The project requires expertise not available in-house.

6. The project has room for innovation in the design and construction efforts.

B. **Project Types and Benefits for Each When Using Design-Build**

1. **Small Design-Build Projects** - A bituminous resurfacing or overlay
   **Benefits:** With lack of design staff, these projects can be completed earlier under design-build

2. **Mid-Level Design-Build Projects** - Interstate reconstruction, or rehabilitation, widening, replacement, or construction of bridges.
   **Benefits:** The Contractor can complete these projects early as well as provide additional innovation.

3. **Mega Design-Build Projects** - Corridor reconstruction.
   **Benefits:** Innovation by the Contractor in project scheduling and design will allow for the early completion of the project.

4. **Intelligent Transportation Systems**
   **Benefits:** The complexity of these projects will allow for the use of special
Contractor expertise in the early stages of design. Use of industry’s newest technology.

A + B Contracts

**Definition:** Cost-plus-time bidding, more commonly referred to as the A+B method, involves time, with an associated cost, to determine the low bidder. Under the A+B method, each bid submitted consists of two components:
- The "A" component is the traditional bid for the contract items and is the dollar amount for all work to be performed under the contract.
- The "B" component is a "bid" of the total number of calendar days required to complete the project, as estimated by the bidder, multiplied by a factor set by the owner prior to the bid. (Calendar days are used to avoid any potential for controversy with work days.) (Do A+B contacts allow weather days?)

The bid for award consideration is based on a combination of the bid for the contract items and the associated cost of the time, according to the formula:

\[(A) + (B \times \text{Road User Cost/Day})\]

This formula is used only to determine the lowest bid for award and is not used to determine payment to the contractor. The contractor's estimate for the completion of critical work becomes the contract time. For critical projects that have high road user delay impacts, the A+B bidding method can be an effective technique to significantly reduce these impacts. (CPM scheduling is a requirement for A+B Contracts)

I. Objectives of A + B Contracts

A. **Time Savings:** A+B Bidding is used to motivate the Contractor by minimizing construction time on high priority and high usage projects. This encourages contractors: Contractors are encouraged to finish early by (1) offering bonuses for early completion and (2) assessing disincentives for late completion.

B. **Project Scheduling:** A + B Bidding allows the department to have the project schedule bid. This information will help the department on future projects.

II. Project Selection

A. **Criteria for Selection:**
   1. The project has traffic restrictions, lane closures, or detours that result in high road user delay costs.
   2. The project has safety concerns or significant negative impacts to the local community or economy during construction that warrant expediting the project.
   3. The project is relatively free of utility conflicts, design uncertainties, or right-of-way issues that may impact the award date or critical project scheduling.
4. The project has generated sufficient public interest that demands completion of the project as quickly as possible.

5. The department seeks Contractor expertise to schedule and facilitate an early completion.

B. Project Types and Benefits for Each When Using A + B Contracts

1. All Projects -
   Benefits: Bidding an aggressive schedule, the Contractor will have an early completion of the project.

   Warranties

Definition: A warranty is a guarantee of the integrity of an individual’s work that carries with it the responsibility to repair or replace deficiencies. Highway construction warranties, however, are for a specific work item. They generally provide for a period of time and are only for items over which the Contractor has full control. Long-term maintenance is not normally included.

I. Objectives of Warranties

A. Quality: Warranties are to guarantee the project quality and durability of selected work items for a specific period of time after construction.

II. Project Selection

A. Criteria for Selection:

1. The warranted work element is entirely within the contractor’s control and is measurable.

2. Projects or work items have material and workmanship performance attributes or failure thresholds, which can be explicitly defined in the specification and measured in the field.

3. Aspects of the design, or other factors not under the contractor's control, will have minimal impacts on the warranted work during the warranty period or can be distinguished from the warranted work.

4. The project may have opportunities to develop and incorporate innovative technologies in materials, equipment, and construction processes.

5. Existing project conditions must be well defined.

6. Performance requirements must be clearly defined. Monitoring methods and acceptable thresholds for these requirements must also be defined.

7. Construction quality parameters and acceptance criteria must be clearly defined.

B. Project Types for Each When Using Warranties

1. Asphalt - New and Major Rehabilitation (see spec: (ODOT Supplemental Specification (SS) 880) - 7 years.

2. Asphalt - Preventive maintenance and minor rehabilitation (see spec: SS 1059) - 3 years.

3. New Bridge Deck ( see spec: SS 893 or 894) - 7 years.
4. Concrete - New and Major Rehabilitation (see spec. SS 884) - 7 years.
5. Chip Seal, Micro Surfacing & Hot in Place Recycling (see spec. SS 882, 881 & 886) - 3 years.

C. Benefits when using warranties
1. The major benefit anticipated by owners is the increased quality of the products or work items, resulting in lower life-cycle costs.
2. Warranties lower the owner risk by providing assurance that the Contractor will correct early failures due to poor materials or workmanship that may have gone unnoticed during construction. This eliminates or reduces unnecessary costs of early maintenance due to poor performance.
3. Warranties induce a higher concern for quality by contractors, designers, and suppliers of transportation facilities and systems.
4. Warranties encourage the development of better testing equipment and techniques for construction projects and reduce inspection and contract administration responsibilities for the owner.

D. Concerns when using warranties
1. The use of warranties without adequate technology or processes to handle the contracts may lead to an increase in disputes and costly litigation. This could harm the long-term adoption and potential benefits of using warranties.
2. Owners are unsure of their ability to administer contracts with warranties and to enforce them over extended periods of time. The length of the warranty period required to catch deficiencies caused by poor material or construction is of particular concern.

* Note, the Warranty Coordinator will assure the new Warranty Guidelines are consistent.

Calculating Road User Costs

THROUGHPUT ROAD USER COSTS WITH NO LANES DROPPED CLOSED

• **Definition** - Number of vehicles exiting a work zone in a given period of time. Maintenance of Traffic (MOT) design that maintains the pre-construction number of lanes (i.e., no lanes are dropped), but traffic is shifted.

• **Concepts** - This MOT strategy maximizes traffic flow through a work zone. Of all of the MOT concepts, this strategy produces a situation that is most similar to a free flow condition.

• **Calculation Procedure**
  1. Define the per hour passenger car and truck user cost (for FY 2002 - $17/hr for cars and $31.5/hr for trucks is accepted).
  2. Calculate the length of the work zone.
  3. Using the Office of Technical Services - Traffic Survey Report on ODOT’s Intranet, determine the Average Daily Traffic for the
4. The Traffic Survey Report provides passenger car and truck (B&C) breakdowns.
5. Define the free flow speed and the work zone speed. (Actual speeds of posted speed limits?)
6. Determine the amount of time (in seconds) it will require for one (1) vehicle to travel the length of the work zone in a free flow condition. (Separate calculations will need to be done for passenger cars and trucks (B&C) if the road has different preconstruction speed limits for cars and trucks.)
7. Determine the amount of time (in seconds) it will require for one (1) vehicle to travel the length of the work zone during construction (i.e., reduced speed limit). (Separate calculations will need to be done for passenger cars and trucks (B&C) if the road has different preconstruction speed limits for cars and trucks.)
8. Subtract the step 7 results from the step 6 results. This number equals the delay incurred by one (1) vehicle traveling through the work zone. (Separate calculations will need to be done for passenger cars and trucks (B&C) if the road has different preconstruction speed limits for cars and trucks.)
9. Divide the step 8 results by 3600 seconds (3600sec = 1hr). This number is the percentage of one (1) hour that one (1) vehicle is delayed. (Separate calculations will need to be done for passenger cars and trucks (B&C) if the road has different preconstruction speed limits for cars and trucks.)
10. Multiply the step 9 results with by the user cost for passenger cars and trucks (B&C). This number is the actual user cost incurred by one passenger car and truck (typically this number is very small). (Separate calculations will need to be done for passenger cars and trucks (B&C) if the road has different preconstruction speed limits for cars and trucks.)
11. Multiply the step 10 results with by the appropriate ADT (passenger cars or B&C trucks) of vehicle from step 4.
12. Add the two step 11 results. The sum produces is the user cost (passenger cars and trucks) per day.
13. Multiply the step 12 results with by the number of days the work zone will be in place. The product produces is the total user cost for the construction period.

**ROAD USER COSTS WITH LANE(S) CLOSED**

- **Definition** - Closing of a lane(s) in a work zone. MOT design that requires a reduction in the number of lanes (i.e., lane(s) are dropped).
- **Concepts** - This MOT strategy constricts traffic flow through a work zone by reducing the number of lanes. It can potentially produce delays.
- **Calculation Procedure**
  1. Define the per hour passenger car and truck user cost (for fY 2002 - $17/hr for cars and $31.5/hr for trucks is accepted).
  2. Define the work zone configuration (i.e., 3 lanes merged to 2 lanes, 2 lanes merge to 1 lane, etc.).
  3. Using the Office of Technical Services - Traffic Survey Report on ODOT’s Intranet, determine the Average Daily Traffic for the section closest to the work zone in question.
  4. The Traffic Survey Report provides passenger car and truck (B&C) breakdowns.
  5. If hourly counts for the area being analyzed are available, they should be utilized in the analysis.
  6. Define the free flow speed and the work zone speed. (Actual speeds of posted speed limits?)
  7. Run the QUEWZ-98 or acceptable Work Zone Analysis Program (alternate) (QUEWZ-98 is a work zone analysis program).
  8. Program QUEWZ-98 or acceptable alternate to calculate the road user cost (this option is available on the first screen in QUEWZ-98).
  9. QUEWZ-98 or acceptable alternate requires a cost adjustment factor. The QUEWZ-98 program is based on the 1990 dollar; therefore, an adjustment must be made. Set the cost adjustment factor equal to 1.4 (this factor will produce the above road user cost for fY 2002). (A standard source or calculation method should be determined for cost adjustment factors.)
  10. If hourly counts are available, input the hourly volumes into QUEWZ-98 or acceptable alternate.
  11. If hourly counts are not available, program QUEWZ-98 or acceptable alternate to analyze the defined ADT from step 4 (QUEWZ-98 or acceptable alternate will distribute the ADT automatically).
12. QUEWZ-98 or acceptable alternate produces an output file that defines hourly road user cost and a total road user cost per day.
13. Multiply the step 12 results with by the number of days the work zone will be in place. The product produces is the total road user cost for the construction period.

**DETOUR**

*Definition* - Complete closures of a roadway and rerouting of traffic around the construction area. MOT design that requires traffic to divert on to another route.

*Concepts* - This MOT strategy diverts traffic flow around a work zone that maintains traffic by forcing traffic to divert on to another roadway (route). The traveling public incurs long delays and potentially the largest road user cost.

*Calculation Procedure*

1. Define the per hour passenger car and truck road user cost (for FY 2002 - $17/hr for cars and $31.5/hr for trucks is accepted).
2. Calculate the length of the detour.
3. Using the Office of Technical Services - Traffic Survey Report on ODOT’s Intranet, determine the Average Daily Traffic for the section closest to the work zone in question. (Can Automatic Traffic Recorders (ATR’s), other actual traffic counts, certified traffic from the Office of Technical Services, or the traffic modeling programs used by Metropolitan Planning Organizations MPO’s) be used as sources of traffic data?)
4. The Traffic Survey Report provides passenger car and truck (B&C) breakdowns.
5. Define the free flow speed and the work zone speed. (There are no vehicles traveling through the work zone if the traffic is detoured.)
6. Determine the amount of time (in seconds) it will require for one (1) vehicle to travel the length of the work zone in a free flow condition.
7. Determine the amount of time (in seconds) it will require for one (1) vehicle to travel the length of the detour.
8. Subtract the step 7 results from the step 6 results. This number equals the delay incurred by one (1) vehicle being detoured.
9. Divide the step 8 results by 3600 seconds (3600sec = 1hr). This number result is the percentage of one (1) hour that one (1) vehicle is delayed.
10. Multiply the step 9 results with by the road user cost for passenger cars and by the road user cost for trucks (B&C). These number results are the actual road user costs incurred by one (1) passenger car and by one (1) truck.
11. Multiply the step 10 results with by the appropriate ADT (passenger cars or B&C trucks) of vehicle from step 4.
12. Add the two step 11 results (road user cost for passenger cars and trucks). The sum produces is the total road user cost per day.
13. Multiply the step 12 results with by the number of days the work zone will be in place. The product produces is the total road user cost for the construction period.

**Work Day Contract - Designer Notes:**

For use with the 2002 CMS.

**Purpose and Benefits**

Work Day Contract sets the number of construction days to complete a project or a portion of a project. After the notice to proceed is received for the contract, the clock starts. Actual Work Days are determined weekly to eliminate disputes. (CPM scheduling is a requirement for Work Day Contracts.)

Contract Administration: A Work Day Contract allows the department to more efficiently administer and staff the project by determining when the project begins and the number of days until completion. This method demands a great deal of knowledge about the construction of a project.

Time Savings: Work Day Contracts set the number of days to complete the project. This method can reduce or eliminate the project down time by specifying the number of days to complete the job. It will not save construction time, just better define the construction time.

Project Knowledge: The department will have more knowledge about the construction sequence of the project. (When will the Department have more knowledge?) This knowledge will allow the department to schedule the project around local events as well as to inform the traveling public of traffic changes.

**Criteria for Selection**

- The project construction time must be known in order to determine the project Work Days.
- The project should be free from time delay issues such as utility conflicts, right-of-way acquisition or other unresolved issues.
- The project should be one that has tight time constraints.

Examples:
• Small to Mid-Size Projects - Projects for which a definite number of Work Days can be determined. (Supply and delivery issues must be considered in determining the number of Work Days.)
• Mega Projects - Large projects can utilize this method but the knowledge of the project and sequence will take time to develop. (Currently the department is not prepared to sell large projects by Work Day Contracts.) A more appropriate application may be used in the completion of a portion of the project. ODOT will need to build a data base to predict the completion dates accurately.

Response:

Many editorial changes included.