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DBIA SW Region – Owner’s Panel

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Arkansas Department of Transportation

- 3rd Largest State Agency (approx. 3,700 employees)
- Maintains 16,465 miles of highway and 7,338 bridges
- 10 District Offices and 31 Resident Engineer Offices
- 2017 Annual Program Budget ~ $550M
- 2022 Annual Program Budget ~ $1B
# Alternative Delivery

- **When can Alternative Delivery add value?**

  **Innovation**
  - On projects where innovation is desired to address project complexities.

  **Design**
  - On projects with complicated design and maintenance of traffic components that could introduce constructability concerns.
  - On projects with tight corridors, extensive third party involvement.

  **Cost**
  - On projects that need some level of cost certainty or cost control.

  **Schedule**
  - On projects that have tight timelines for completion or where impacts on customers need to be minimized.
Construction Manager/General Contractor (CM/GC)

**Definition**
- Two phase delivery method – design and construction. Separate contracts for design (if not delivered in-house) and construction.

**Authority**
- Act 809 of 2017 – Pilot legislation
  - 3 projects; sum of construction cost estimates not to exceed $200M total
  - First project construction cost estimate not to exceed $70M
- Act 1019 of 2019 – Amended Act
  - 5 projects; sum of construction cost estimates not to exceed $200M total
  - Single project construction cost estimate not to exceed $100M

**Provision**
- Guaranteed Maximum Price (GMP)
- Independent Cost Estimator
- GMP not to exceed ICE estimate by more than 10%
Design Build

Definition
- Project delivery method in which the design and construction of a project are combined into one contract, usually awarded on either a low bid or best-value basis.

Authority
- 2017 – AR Code § 27-65-107 amended to grant the AR Highway Commission authority to enter into contracts that combine the design, construction, and construction engineering phases into a single contract.

Types
- Design Build
- Progressive Design Build

Provisions
- Qualifications Based Selection
- Award a project that offers the greatest value for the State
- Enter into DB agreement to design and construct qualified projects
Progressive Design Build

➢ Design-build delivery via a stepped, or *progressive* process.
  • Qualifications Based Selection
  • Phased approach to “progress” towards a design and price agreement
  • Allows the design builder to proceed on “early work” packages for prior to construction authorization

➢ Three phase contract approach:
  • Planning
  • Preconstruction
  • Construction
Progressive Design Build

➢ Option for “off-ramp”
  • Inability to reach agreement on Construction phase terms
  • PDB teams fully compensated for development at each phase
  • ARDOT “owns” design and can move forward with different delivery method

➢ Value Added with PDB Delivery Method
  • Simplifies procurement process pricing and schedule
  • Provides substantial owner input on design decisions
  • Schedule risk for NEPA and design submittals mitigated
  • Open book pricing
  • Risk mitigation/pricing negotiation throughout life of project
Progressive Design Build

➢ Potential Obstacles with PDB Delivery Method
  • Procurement regulations that require best value source selection vs QBS
  • Limited price competition among proposers for overall design-build contract price
  • Owner uncomfortable exercising “off-ramp” option
  • Procurement does not include subcontractor commitments
  • Resistance to change within Owner organization
ARDOT Progressive Design Build

➢ Administrative Proposal
  • Proposal Letter
  • Information Forms and Legal Information
    o Major Participants required to be prequalified with Department
    o Conflict of Interest/Debarment/Suspension/Non-Collusion
    o Proposal Security
    o Exceptions to Design Build Agreement

➢ Technical Proposal
  • Executive Summary
  • Organizational Chart
  • Firm Experience
  • Key Personnel
    o Required Key Personnel
    o Suggested Additional Key Personnel
  • Project Approach
    o General
    o By Phases (Planning, Preconstruction, Construction)
ARDOT Progressive Design Build

➢ Financial Proposal
  • Surety Letter
  • Price Proposal
    o “Not to Exceed” for Planning Phase
    o 2,000 hours to be distributed amongst tasks and Key Personnel
      ▪ For evaluation purposes only.

➢ Proposer Interviews
  • Option to interview all teams or short listed proposers
  • Format set out in Instructions to Proposers
    o Introduction and Project Approach
    o Presentation of Alternative(s)
    o Case Study
    o Questions & Answers by ARDOT Evaluation Panel
ARDOT Progressive Design Build

Next Steps

- Selected Proposer to Arkansas Highway Commission for approval – Summer 2021
- NEPA Process/Planning Phase commencement – Summer 2021
- Contract negotiation and execution – Fall 2021
- NEPA Approval/Planning Phase complete – Winter 2022
- Preconstruction Phase (if authorized) begin – Fall 2022
- Construction Phase (if authorized) – Summer 2023
More Information

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