Alternative Contracting Methods

The method of contracting work on a particular project will, to some extent, dictate how the project should be managed. The FDOT has experimented with and continues to practice various methods of bidding for and awarding a construction contract to achieve a specific goal. Detailed information on alternative contracting methods can be found on the Construction Office website under *Alternative Contracting*, and ***CPAM Section 1.2***. or 6.2. FDOT has used the following methods of project delivery in the bidding and awarding process:

- **Conventional (Unit Price)**: This method is the most common FDOT delivery method. Both the construction time and quality are specified, and unit prices are established in the bid for various items of work. The total cost is determined by extension using estimated quantities. Final costs are based on physical measurements of the quantity of work performed in each item of work or plan quantity (see *Standard Specification 9-3.2*).
- **Lump Sum**: Time and quality are established in the bid documents, but the bidder determines the quantities of work and the cost and submits one bid price for all work required. This type of contract eliminates the need for final measuring of the job quantities.
- **Design-Build** (D-B): This method is based on a selection procedure that considers qualifications, costs, and other factors. The contractor is responsible for design. The major benefit of D-B is a significant reduction in the overall project delivery time that results from the overlap of design and construction. Demands on the PM and the CEI increase for this type of contract, both in the selection process and the actual monitoring of the contract. Since the contractor is responsible for design, Quality Assurance/Quality Control (QA/QC) must be emphasized. D-B Project Management is discussed in detail in *PMG 410*.
- **Bid Averaging**: This method is one of the few that addresses cost. Instead of the traditional low bid, certain high and low bids may be thrown out, and the remaining bids are used to calculate an average cost (bid). The project is awarded to the bidder closest to this average cost.
- **Lane Rental**: This method is useful in minimizing traffic impact of a project, particularly if the project will require frequent lane closures. Part of the bid is a rental rate for lane closures: a cost per lane per length (mile) per unit of time (hour or day). This strategy provides an incentive for the contractor to find ways to avoid or minimize lane closures and, when necessary, to minimize the time involved. The contractor is rewarded for keeping traffic lanes open as much as possible throughout the construction period.
- **Incentive/Disincentive**: This concept of contracting is designed to reduce the overall contract time by giving the contractor an incentive for every day the contract is completed early and a disincentive for failure to complete a project on time. The amount of incentive/disincentive is established by FDOT in the bid package. A benefit-cost analysis is required to establish the incentive amount.
- **No Excuse Bonus**: This method provides a monetary incentive bonus for the contractor who completes the project early within a specified time, regardless of any problems or unforeseen conditions. No time extensions are allowed for purposes of this bonus. This method normally would be used for major work with severe community impacts.
- **Liquidated Savings**: This method awards the contractor for each calendar day the contract is completed and accepted prior to the expiration of allowable contract time. Contract time is adjusted for time extensions. The amount of award is based on the direct savings to the Department related to CEI and contract administration costs.

A+B Bidding: This method enables a contractor to establish their own construction time. Generally, the bidder who can complete the project in the shortest time will be successful because a value is fixed in the bid process for each day of construction. This method normally is used on controversial projects with significant impacts to traffic or property access