



*Florida Department of Transportation*

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GOVERNOR

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JARED W. PERDUE, P.E.  
SECRETARY

August 9, 2023

Khoa Nguyen  
Director, Office of Technical Services  
Federal Highway Administration  
3500 Financial Plaza, Suite 400  
Tallahassee, Florida 32312

Re: State Specifications Office  
Section: 004  
Proposed Specification: **0040309 Scope of the Work.**

Dear Mr. Nguyen:

We are submitting, for your approval, two copies of the above referenced Supplemental Specification.

The changes are proposed by Jason Russell to update the shared savings percentages per F.S.337.11(17).

Please review and transmit your comments, if any, within two weeks (10 business days). Comments should be sent via email [daniel.strickland@dot.state.fl.us](mailto:daniel.strickland@dot.state.fl.us).

If you have any questions relating to this specification change, please call me at (850) 414-4130.

Sincerely,

Daniel Strickland, P.E.  
State Specifications Engineer

DS/dh

Attachment

cc: Florida Transportation Builders' Assoc.  
State Construction Engineer

**SCOPE OF THE WORK.**  
**(REV 5-31-23)**

SUBARTICLE 4-3.9.1 is deleted and the following substituted:

**4-3.9.1 Intent and Objective:**

1. This Subarticle applies to any cost reduction proposal (hereinafter referred to as a Proposal) that the Contractor initiates and develops for the purpose of refining the Contract to increase cost effectiveness or significantly improve the quality of the end result. A mandatory Cost Savings Initiative Workshop will be held prior to Contract Time beginning for the Contractor and Department to discuss potential Proposals. This mandatory workshop can only be eliminated if agreed to in writing by both the Contractor and Department. This Subarticle does not, however, apply to any such proposal unless the Contractor identifies it at the time of its submission to the Department as a proposal submitted pursuant to this Subarticle.

2. The Department will consider Proposals that would result in net savings to the Department by providing a decrease in the cost of the Contract. Proposals must result in savings without impairing essential functions and characteristics such as safety, service, life, reliability, economy of operation, ease of maintenance, aesthetics and necessary standard design features. The Department will not recognize the Contractor's correction of plan errors that result in a cost reduction, as a Proposal. ~~Deletions of work, approved by the Engineer which are not directly associated with or integral to a Proposal will be handled as full credits to the Department for the work deleted.~~ Deletions of work, approved by the Engineer, that are the sole objective of the Proposal will include a cost sharing percentage with the Contractor as defined in Subarticle 4-3.9.7.

3. The Department shall have the right to reject, at its discretion, any Proposal submitted that proposes a change in the design of the pavement system or that would require additional right-of-way. Pending the Department's execution of a formal supplemental agreement implementing an approved Proposal, the Contractor shall remain obligated to perform the work in accordance with the terms of the existing Contract. The Department may grant time extensions to allow for the time required to develop and review a Proposal.

4. For potential Proposals not discussed at the Cost Savings Initiative Workshop, a mandatory concept meeting will be held for the Contractor and Department to discuss the potential Proposal prior to development of the Proposal. This mandatory meeting can only be eliminated if agreed to in writing by both the Contractor and Department.

SUBARTICLE 4-3.9.7 is deleted and the following substituted:

**4-3.9.7 Sharing Arrangements:** If the Department approves a Proposal, the Contractor shall receive up to 50% of the net reduction in the cost of the performance of the Contract. ~~as determined by the final negotiated agreement between the Contractor and the Department.~~ The net reduction in the cost of the performance of the Contract will be determined by subtracting ~~from the savings of the construction costs~~ the reasonable documented engineering costs, incurred by the contractor to design and develop a Proposal, from the gross reduction in the cost of the performance of the Contract. The reasonable documented engineering costs incurred by the contractor will be paid for as part of the negotiated Supplemental Agreement will

~~be paid by the Department.~~ Engineering costs incurred by the contractor will be based on the consultant's certified invoice and may include the costs of the Independent Review Engineer in 4-3.9.6. The total engineering costs, ~~to be subtracted from the savings to determine the net reduction~~ will be limited to 25% of the gross construction savings reduction in the cost of the performance of the Contract and shall not include any markup by the Contractor or the costs for engineering services performed by the Contractor.

If the Department determines that the parties identified in 337.11(17) Florida Statutes have contributed to the reduction in the cost of the performance of the contract, the contractor's share may be 45% of the net reduction.

If the Department approves a Proposal where deletions of work are the sole objective of the Proposal, the Contractor shall receive 14.5% of the net reduction in the cost of the performance of the Contract.

**SCOPE OF THE WORK.**  
**(REV 5-31-23)**

SUBARTICLE 4-3.9.1 is deleted and the following substituted:

**4-3.9.1 Intent and Objective:**

1. This Subarticle applies to any cost reduction proposal (hereinafter referred to as a Proposal) that the Contractor initiates and develops for the purpose of refining the Contract to increase cost effectiveness or significantly improve the quality of the end result. A mandatory Cost Savings Initiative Workshop will be held prior to Contract Time beginning for the Contractor and Department to discuss potential Proposals. This mandatory workshop can only be eliminated if agreed to in writing by both the Contractor and Department. This Subarticle does not, however, apply to any such proposal unless the Contractor identifies it at the time of its submission to the Department as a proposal submitted pursuant to this Subarticle.

2. The Department will consider Proposals that would result in net savings to the Department by providing a decrease in the cost of the Contract. Proposals must result in savings without impairing essential functions and characteristics such as safety, service, life, reliability, economy of operation, ease of maintenance, aesthetics and necessary standard design features. The Department will not recognize the Contractor's correction of plan errors that result in a cost reduction, as a Proposal. Deletions of work, approved by the Engineer, that are the sole objective of the Proposal will include a cost sharing percentage with the Contractor as defined in Subarticle 4-3.9.7.

3. The Department shall have the right to reject, at its discretion, any Proposal submitted that proposes a change in the design of the pavement system or that would require additional right-of-way. Pending the Department's execution of a formal supplemental agreement implementing an approved Proposal, the Contractor shall remain obligated to perform the work in accordance with the terms of the existing Contract. The Department may grant time extensions to allow for the time required to develop and review a Proposal.

4. For potential Proposals not discussed at the Cost Savings Initiative Workshop, a mandatory concept meeting will be held for the Contractor and Department to discuss the potential Proposal prior to development of the Proposal. This mandatory meeting can only be eliminated if agreed to in writing by both the Contractor and Department.

SUBARTICLE 4-3.9.7 is deleted and the following substituted:

**4-3.9.7 Sharing Arrangements:** If the Department approves a Proposal, the Contractor shall receive up to 50% of the net reduction in the cost of the performance of the Contract. The net reduction in the cost of the performance of the Contract will be determined by subtracting the reasonable documented engineering costs, incurred by the contractor to design and develop a Proposal, from the gross reduction in the cost of the performance of the Contract. The reasonable documented engineering costs incurred by the contractor will be paid for as part of the negotiated Supplemental Agreement. Engineering costs incurred by the contractor will be based on the consultant's certified invoice and may include the costs of the Independent Review Engineer in 4-3.9.6. The total engineering costs will be limited to 25% of the gross reduction in

the cost of the performance of the Contract and shall not include any markup by the Contractor or the costs for engineering services performed by the Contractor.

If the Department determines that the parties identified in 337.11(17) Florida Statutes have contributed to the reduction in the cost of the performance of the contract, the contractor's share may be 45% of the net reduction.

If the Department approves a Proposal where deletions of work are the sole objective of the Proposal, the Contractor shall receive 14.5% of the net reduction in the cost of the performance of the Contract.