

0040309 SCOPE OF THE WORK – COST SAVINGS INCENTIVE PROPOSAL  
COMMENTS FROM INTERNAL/INDUSTRY REVIEW

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David OHagan

Comment: (Internal 5-10-10)

**4-3.9.7 Sharing Arrangements:** ...The net reduction 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. Engineering costs will be based on the consultant’s certified invoice and may include the costs of the Independent Review Engineer in Subarticle 4-3.9.6. ...

**Response:** From the Specifications Office – This change has been made (5-7-10dt).

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Greg Davis

Comments: (Internal 5-13-10)

I recommend referencing the “Basis of Estimates Manual” in section 4-3.9.3(2) since the master pay item list may not show all valid items.

**Response:** (Greg may want to withdraw this suggestion. (5-17-10dt))

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Barbara Witten  
Assistant General Counsel – Turnpike  
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Comments: (5-14-10)

I have reviewed 0040309. I have one comment. I recommend changing the word “nor” to “or” in Section 4-3.9.7

Let me know if there is any other type of form you require from Legal regarding our review of the Specs. I am new to the process and want to make sure I send you what you need.

**Response:**

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Paul Harkins  
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Comments: (5-18-10))

What is the mechanism that would trigger change to the design/construction process should the same issue be repeatedly identified? When looking a VECPs which are repeatedly identified prompts the Feds to dictate that it should be a addressed as a Standard Specification/Design Criteria/or Design Standard, not as a VECP.

**Response:**

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Fred Ochoa  
D4 DSDE  
954-777-4639

Comments: (5-19-10)

Regarding this change to the VECP specification, it seems to me that by allowing for the extra time required to develop the proposal, an unscrupulous contractor who is behind on a project could come up with several meritless proposals just in order to gain the time. Am I reading the spec change correctly? How would we ever decline the contractor's request for time to develop the proposal, once it has been done on another similar project?

Response:

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Marty R. Sanchez, P.E.  
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Comments: (5-19-10)

1. Article 4-3.9.3, *Data Requirements*, allows for time extensions to be considered as part of the submittal package. I think we're treading dangerous waters with this item. My fear is that some may use this provision as an "out" in the event a project has fallen behind schedule. I would suggest that the time extension provision be limited to allow only for the time the Department requires to review a proposal. I would suggest that the specification stipulate that the Contractor's preparation and processing times be removed from consideration in any time extension.

In short, the Department should allow for a time extension only to the extent that the Department requires time to review the proposal and should exclude the contractor's preparation time. Also, in the event a time extension is granted, it should be stipulated in the specification that all time extensions of this nature are "non-compensable" (i.e. no overhead costs).

Response:

2. Article 4-3.9.7, *Cost Sharing*, in the event time extension is granted, any time-related costs (i.e. CEI, Daily MOT, Field Office, etc) should also be deducted from the cost-sharing calculation. The Department should desire to retain those costs.

Response:

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Steven J. King  
D4 - OGC  
954-777-4526

Comments: (5-20-10)

Should the list at 4-3.9.8.1, Notice of Intellectual Property Interests, include trade secrets?

Response:

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Chris Papastratis  
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Comments: (6-1-10)

1. 4-3.9.1 We recommend that Cost Savings Incentive Workshop is not made mandatory.

Response:

2. 4-3.9.3 (1) In general, contract time extensions are not practical for cost savings. The way it is written, we invite contract them extensions. We prefer to not add this language.

Response:

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Louis Reis  
TP Design Engineer  
407-264-3086

Comments: (6-4-10)

My concerns are as follows:

1. [4-3.9.1\(1\)](#)

*...mandatory Cost Savings Incentive (CSI) Workshop will be held prior to Contract Time beginning...*

Why would this workshop be needed if there are no cost savings incentives being proposed by the contractor? Could this be combined with a partnering workshop? Moreover, any project that meets VE thresholds would already have been examined by the Department for potential cost savings.

Response:

2. [4-3.9.1\(3\)](#)

This subarticle allows the Department to reject proposals that change the pavement system or require additional R.O.W. Additionally, FTE, by supplemental specs, prohibits consideration of alternate TCP designs. The contractor should also be precluded from substitution of a design alternate that was detailed in the plans (this provision was in the former VECP spec but omitted from the proposed CSI spec). **When a contract time extension is requested, what restrictions, if any, are placed on the contractor’s development and review time for a potential proposal?** Generally, time extensions adversely affect contracts in a number of ways including milestone dates, potentially alternative contracting incentives, sequenced projects, etc.

Response:

3. 4-3.9.1(4)

Concur with provisions of subarticle requiring a mandatory concept meeting prior to the contractor's submittal of a CSI.

Response:

4. 4-3.9.7

*...The total engineering costs to be subtracted from the savings to determine the net reduction will be limited to 25% of the construction savings...*

The 25 % allowance for engineering costs seems too high in comparison with construction savings.

Response:

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Christopher Wood  
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Comments: (6-10-10)

Rudy, I have received the following comments from the D2 Construction Residencies for the above mentioned Specification change:

Response:

1. Although, I understand the intent of changing the name of this process, is it really going to encourage Contractors to turn-in more proposals?

Response:

2. Is the change of the name going to be worth all the amending of documents and costs it is going to cause all throughout the state?

Response:

3. Is the VECP process to be done away with completely?

Response:

4. Instead of holding a mandatory meeting, why not just hold one when there is a Proposal to be submitted?

Response:

5. Shouldn't the Spec. include how many days prior to start of Contract Time the mandatory Cost Savings Incentive Workshop should be held?

Response:

6. Is this mandatory meeting to be held for ALL projects or just for some depending on their cost and level of complexity?

Response:

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