STW comments to Legislative Study Committee on LCC

February 23 ,2012

  1. **Relationship with NCDOT**

  a.   **Importance of Committees and Communication.**

  b. **Building trust.**

2. Contracting Industry Expectations

  a. How to participate in bid process – Open process and maintain current bidding laws, primarily low bid.

  b. Concerns about limitations due to Prequalification Process

  c. Clear requirements of your contract. Consistent use and application of specifications and standards.

  d. Payment – How are we paid. Prompt payment helps and NC DOT does good job. Communication on quantities and estimates.

  e. To have success the Owner must be a partner in delivering the project

4. Contract Delivery Methods

  a. Design, Bid, Build----most common---lowest responsible bid---Based on owners design

b. A + B bids bid involves construction time and costs to build --- Based on owners design. Only applicable in special circumstances.

c. Design / Build --- proposal includes project team and technical approach as well as costs to build. Score and price determine the successful bidder. Contracting team does most of the design. Projects must have potential for innovations in design, construction, or management of traffic and owner must be open to innovative approaches. Not suitable on all projects. Cost of participating in Design-Build process 1% large – 2% smaller. Decision Making process on to pursue or not pursue. Impact on corporate structure. Not suitable as main contracting vehicle.

d. Use of incentive / disincentive provisions in design , bid ,build – good use on projects where time of construction is an important issue – potential of night work – need right project

e. Emergency contracting process---Rock slide could be example. Conditions to be encountered not known. Force account process typically.

f. Public /Private /Participation projects -- Similar to design /build but also involves private financing through a concessionaire . The use of this type of process will limit significantly the participation of NC firms. Also reduces or

eliminates owner control of design, construction, and revenue stream (tolling).

   g. Size of projects need to be keep in a range where majority of NC based firms can participate.

5.Keys to successful contracting processes

   a. Clear contract terms – consistent interpretation of specs, standards, and plans

   b. Risks defined in contract for both parties – undefined, unclear, or unreasonable risk placed on contractor will have a significant impact on bid.

   c. Use of constructability reviews on complicated projects as well as additional length of advertising time ,example –8 weeks in lieu of 4 weeks to prepare bids. An excellent process that has the potential for even greater success.

   d. Third party influences limited where possible ---examples--- utility conflicts ,environmental regulatory agencies, cities and counties ,federal government ,etc. Assistance by NC DOT with resolving these third party issues. Cite examples.

   e. Timely decision making by owner or their representative. Improve process to resolve issues and claims promptly.

   f. Flexibility to be reactive to unanticipated site conditions or other project modifications.

g. Use of common sense and judgment. Improve communication by all parties.

h. TIME IS MONEY====DEFINE RISKS TO EACH PARTY TO THE CONTRACT

6. Potential areas to improve costs

a. Have NC DOT staff used for environmental review and enforcement of regulations rather than multiple state agencies. (Land Resources, Water Quality, etc.)

b. Balance earthwork on projects as much as possible. Make that goal an integral part of design. Also look at the natural project breaks, roads, rivers, and railroads and take those also into account.

c. Utilize more road shut downs for shortened concentrated construction times in lieu of detours for longer times. Minimize detour bridges if possible.

d. Have cost/benefit discussions between industry and DOT on routine basis.

e. NC DOT should study Design Build projects to see if any innovations can be utilized in normal Design – Bid – Build process.

7. Closing comments and ask for questions