



# TECHNICAL SUMMARY

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### Principal Investigator:

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## IMPLEMENTATION PROJECT COST:

\$25,565



If you answered "YES" to any of these questions, the Local Road Research Board has developed an Innovative Contracting Methods document that provides local governments with guidance on different innovative contracting methods. This document was developed as a resource for local governments to learn how to use contracting processes in a more cost-effective manner to: 1) be prepared, 2) manage projects, and, 3) ensure quality projects. This document is designed to guide in providing local government with guidance on a number of topics including:

- Mn/DOT's Innovative Contracting Website
- Minnesota Local Government Department
- Contracting 101
- Best Value Procurement for Contractors
- Force Account Clear Audit
- Bidder Qualification
- Alternate Bidding

Download your copy today at: <http://www.lrrb.org/PDF/2008RC01.pdf>



The project produced an informational flier announcing and linking to the "Innovative Contracting Methods" report.



## RESEARCH SERVICES SECTION

# Putting Research into Practice: Innovative Contracting Resources for Local Governments

## What Was the Need?

Mn/DOT, like many other state DOTs, has implemented some of the innovative contracting methods now approved for use by the Federal Highway Administration—design-build, A + B bidding, lane rental and warranties—to save time and money on transportation construction projects and reduce the time motorists spend in work zones.

While state agencies are taking advantage of new contracting methods, many local units of government lack the expertise to make effective use of these innovative practices on the transportation projects they manage. Other local agencies require assistance in developing good contracting practices using more traditional methods.

Local agencies seeking assistance with their contracting efforts can turn to Mn/DOT's [Innovative Contracting Section](#) to find a wide range of resources that can help to reduce construction time and delivery of projects, improve quality and develop new processes to administer projects. Mn/DOT wanted to augment these resources with a how-to guide to help local governments use contracting processes more cost-effectively.

## What Was Our Goal?

The objective of this project was to maximize the value of the resources available through Mn/DOT's Innovative Contracting Section by providing a new resource to help local agencies improve their existing contracting processes and offer guidance in employing innovative contracting methods.

## What Did We Implement?

The research being implemented through this project was informed by previous research sponsored by Mn/DOT and the Local Road Research Board:

- ["Performance Effectiveness of Design-build, Lane Rental, and A + B Contracting Techniques"](#) (2006-09), which presents 15 recommendations for improving management practices in the use of innovative contracting
- ["Best-Value Based on Performance"](#) (2008-40), which presents a contracting model based on an agency's expected performance

## How Did We Do It?

A technical advisory panel composed of representatives from local, state and federal agencies; contractors; and consultants was charged with identifying the contracting methods most appropriate for use on local projects in Minnesota. A May 2008 survey sought information about innovative contracting methods already in use by local agencies in Minnesota. Responses from 11 cities and 35 counties indicated the use of a wide range of innovative contracting practices, from A + B bidding to force accounts to warranties. Investigators conducted a literature search to identify the pros and cons of various contracting techniques and uncover details of the contracting methods the panel considered most suitable for use by local agencies. Finally, investigators queried experts within Minnesota and at the U.S. DOT about overcoming barriers to implementing innovative contracting practices.

*“Resources and assistance provided by Mn/DOT’s Innovative Contracting Section give local agencies greater freedom to act using alternate bidding, force account and other innovative contracting practices.”*

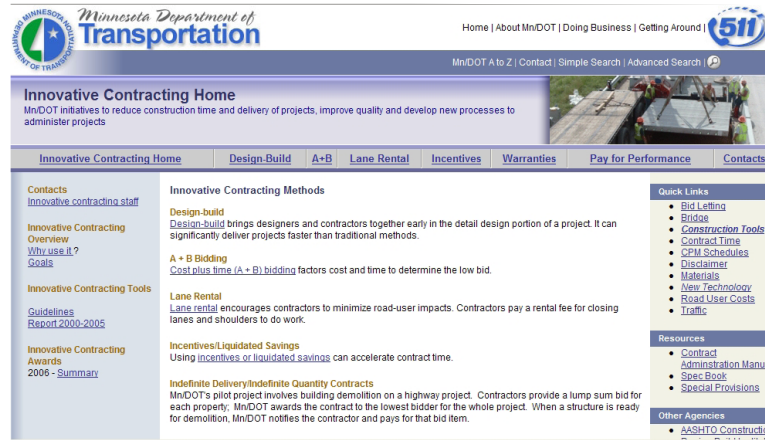
–Tom Behm,  
District State Aid  
Engineer/ADE, Mn/DOT  
District 8

*“While innovative contracting techniques are beneficial, often just focusing on the basics of traditional contracting methods can be equally effective for local governments.”*

–Michael Marti,  
Principal, SRF Consulting  
Group Inc.

**Produced by CTC & Associates for:**

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Mn/DOT’s Innovative Contracting Web site (<http://www.dot.state.mn.us/const/tools/innovativecontract.html>) provides a wide range of resources to aid local agencies in implementing innovative contracting methods.

**What Was the Impact?**

The project report includes a step-by-step, question-and-answer format guide to improving the contracting process, including information to help local governments with more effective basic or traditional contracting. It also includes an overview of resources available through Mn/DOT’s Innovative Contracting Section and a list of local agencies that have experience with innovative contracting methods such as:

- **Best Value.** In 2007, the Minnesota Legislature passed a law that allows public agencies to select contractors based on best value rather than lowest bid. This contracting method can only be used with training and with approval by FHWA on a project-by-project basis *before* the project is advertised.
- **Alternate Bidding for Pavement Selection.** This practice permits a contractor to bid any designated alternate pavement design that is consistent with its expertise and equipment. The report provides links to resources, an outline of items to be addressed and a list of agencies with alternate bid experience.
- **Force Accounts.** This process allows Minnesota’s cities and counties to use State Aid funds when using local resources. Best used for projects composed of tasks typically conducted by maintenance staff, force account contracting allows for more flexibility to modify the scope of a project and can be cost-effective for smaller projects.
- **Bidder Qualification.** This competitive bidding process qualifies bidders based on a measure of acceptability defined by the agency and awards the contract to the lowest acceptable bidder. Local agencies are advised to use caution when using this method.

**What’s Next?**

In addition to reviewing the “[Innovative Contracting Methods](#)” report and making use of the resources available through [Mn/DOT’s Innovative Contracting Section](#), local agencies seeking assistance with their contracting practices can contact Mn/DOT’s District State Aid engineers or the [State Aid for Local Transportation office](#). Mn/DOT is developing workshops, expected to be available within the next year, that will provide the training required for agencies interested in using best value procurement.

*This Technical Summary pertains to the LRRB-produced Report 2009RIC02, “Innovative Contracting Methods,” published January 2009. The full report can be accessed at <http://www.lrrb.org/PDF/2009RIC02.pdf>.*

*The research being implemented was informed by Report 2006-09, “Performance Effectiveness of Design-build, Lane Rental, and A + B Contracting Techniques,” published March 2006, and the LRRB-produced Report 2008-40, “Best-Value Based on Performance,” published September 2008. These reports can be accessed at <http://www.lrrb.org/pdf/200609.pdf> and <http://www.lrrb.org/pdf/200840.pdf>, respectively.*