



MDOT Construction Administration Updates

2015 County Engineers Workshop Conference

MDOT Construction Administration Updates

- **Speaker:**

R. Jason Clark, PE

MDOT Construction Contracts Engineer

clarkj25@Michigan.gov

517-242-6278

MDOT Construction Administration Updates

- **General Info / Polls**
- **Construction Program Stats for 2014**
- **New BOHIMs / CAs**
- **Pay Estimates / Timely Payment**
- **Contract Modifications**
- **Force Accounts**
- **Claims / DRB Pilots**
- **Questions / Comments**

MDOT Construction Administration Updates


Please Turn On Your Electronic Devices



Participation Methods

CEW 2015 - General Comments

 Respond at PollEv.com/mdotcfs797

 Text **MDOTCFS797** to **22333** once to join, then text your message

- **Text Message** (*Response Code to 22333*)
- **App** (*iStore/GooglePlay for “PollEverywhere”*)
- **Web Browser** <http://www.pollev.com/mdotcfs797>

Live Audience Participation

(Yes in fact there really is an app for that)

- **Use what ever method you are most comfortable with**
- **Responses are 100% Anonymous**
- **Inappropriate responses will be filtered**
- **Enjoy, Interact, and give real-time feedback on presentation.**
- **Please contribute your honest feedback**

MDOT Construction Field Services

CEW 2015 - General Comments

Respond at PollEv.com/mdotcfs797

Text **MDOTCFS797** to 22333 once to join, then text your message

Live Poll for CEW 2015 Attendees:

- General Comments / Suggestions?
- How is MDOT CFS doing?
- Areas for us to focus on improving in 2015?

Poll will be active for 5 more days

[Admin Link](#)



2014 Construction Program Statistics

Yearly Summary of MDOT Construction Program


MDOT Construction Projects

Calendar Year	Original Contract Cost	Final Contract Cost	Percent Difference
2011	\$833,072,906.02	\$842,999,015.92	1.19%
2012	\$771,130,483.23	\$768,530,401.94	-0.34%
2013	\$1,127,211,347.22	\$1,139,133,968.99	1.06%
2014	\$645,898,553.12	\$649,413,716.71	0.54%
2015	0.00	0.00	0.00%

Yearly Summary of Local Agency Construction Program

Local Agency Construction Projects

Calendar Year	Original Contract Cost	Final Contract Cost	Percent Difference
2011	\$363,173,974.44	\$375,569,100.53	3.41%
2012	\$386,736,517.86	\$397,987,218.70	2.91%
2013	\$434,180,357.58	\$442,436,103.29	1.90%
2014	\$406,381,310.29	\$411,673,020.19	1.30%
2015	0.00	0.00	0.00%



Recent MDOT BOHIMs and Construction Advisories

BOHIMs

2015

- IM15-02 - Review of Contractor Claims
- IM15-01 - Density Testing and Inspection Manual

2014

- IM14-12 - Hot Mix Asphalt Production Manual
- IM14-11 - Digital Electronic Signature (DES) Validation Procedures
- IM14-10 - Freeway Work Zone Design Guidance
- IM14-09 - External Civil Rights Req. (EEO, Title VI, OJT, and DBE)
- IM14-08 - Construction Subcontracting Process
- IM14-07 - Construction Guidance for Pavement Marking Projects
- IM14-06 - Progress Clause for Steel Superstructure Projects
- IM14-05 - Pavement Marking Turn Arrows
- IM14-04 - Materials Quality Assurance Procedures Manual
- IM14-03 - Construction Value Engineering Change Proposal (VECP)
- IM14-02 - Bridge Construction and Bridge Deck Construction Inspection
- IM14-01 - Preconstruction Meetings

Construction Advisories

2015

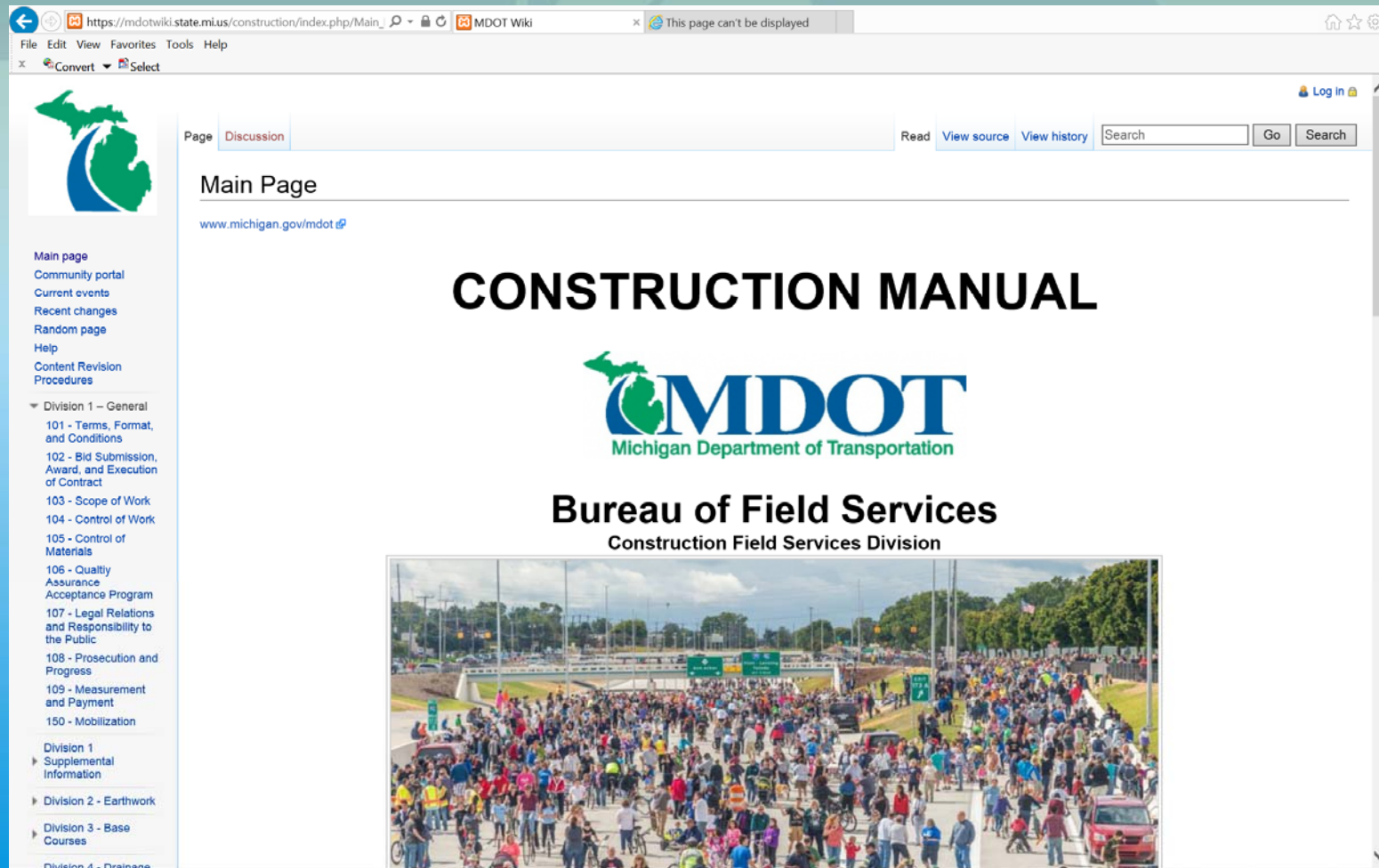
- CA 2015-01 - Regional Industry Wide Shortage of Cement

2014

- CA 2014-14 - Charging Time to Local Agency Projects
- CA 2014-13 - DBE Subcontracting
- CA 2014-12 - Alternative to Geotextile Silt Fence
- CA 2014-11 - 2014 Uniform Price Adjustment – Paint
- CA 2014-10 - Processing of Contractor Performance Evaluations
- CA 2014-09 - Documentation of Inspector Daily Reports
- CA 2014-08 - Prevailing Wage Rate Interviews
- CA 2014-07 - Timely Processing of Contract Modifications
- CA 2014-06 - New Construction Manual
- CA 2014-05 - Asphalt Binder Witness/Daily Sampling and Doc
- CA 2014-04 - Traffic Safety Provision - Holiday Periods
- CA 2014-03 - Interim and Final Project Record Reviews
- CA 2014-02 - NPDES and SESC Inspection Report, Form 1126
- CA 2014-01 - Certification Documentation for Buy America

MDOT Construction Manual

- https://mdotwiki.state.mi.us/construction/index.php/Main_Page



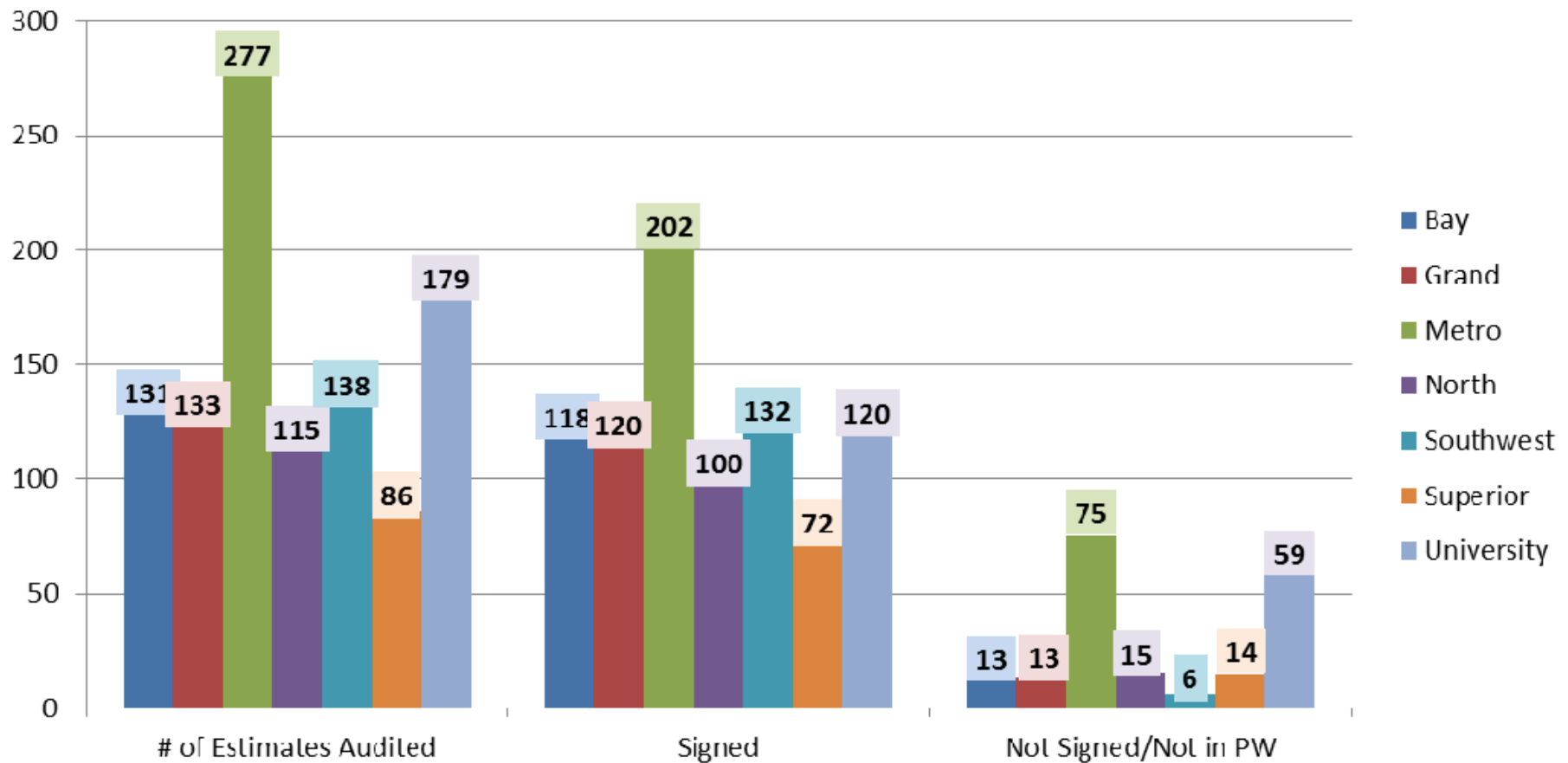
The screenshot shows a web browser window displaying the MDOT Construction Manual Main Page. The browser's address bar shows the URL https://mdotwiki.state.mi.us/construction/index.php/Main_Page. The page features a navigation menu on the left with links such as "Main page", "Community portal", "Current events", "Recent changes", "Random page", "Help", "Content Revision Procedures", and a list of divisions including "Division 1 - General" (with sub-items 101-150), "Division 1 Supplemental Information", "Division 2 - Earthwork", "Division 3 - Base Courses", and "Division 4 - Drainage". The main content area displays the title "CONSTRUCTION MANUAL" in large, bold, black letters. Below the title is the MDOT logo, which consists of a green outline of Michigan and the text "MDOT Michigan Department of Transportation". Underneath the logo, the text "Bureau of Field Services" and "Construction Field Services Division" is displayed. At the bottom of the page, there is a large photograph of a crowded outdoor event, likely a construction site visit or a community gathering, with many people walking and standing in a paved area.



Pay Estimates

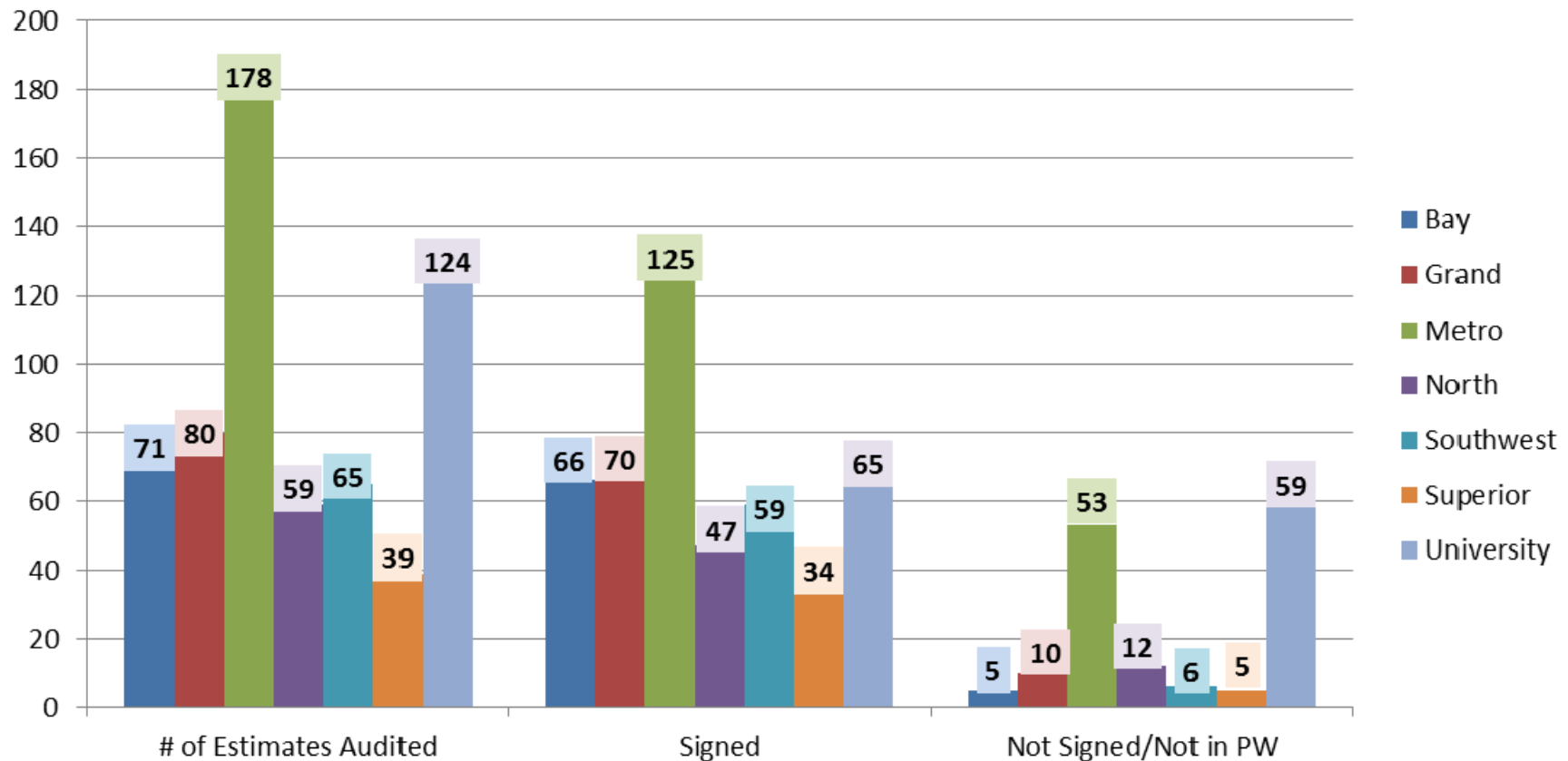
2014 Pay Estimate Audit MDOT Program

Pay Estimate Audit 2014 Results



2014 Pay Estimate Audit Local Agency Program

Local Agency Pay Estimate Audit 2014 Results



Timely Payment

Requirements:

- *BOHIM 2012-03 Contract Modifications*
- *CA 2014-07 - Timely Processing of Contract Modifications*
- Need to issue Contract Mods Within **FIVE** (5) days of the changed work **commencing**
- Balancing Contract Mods not at end of project, this indicates a timely pay non-compliance
- Failure to pay for completed acceptable work in a timely manor will have consequences.

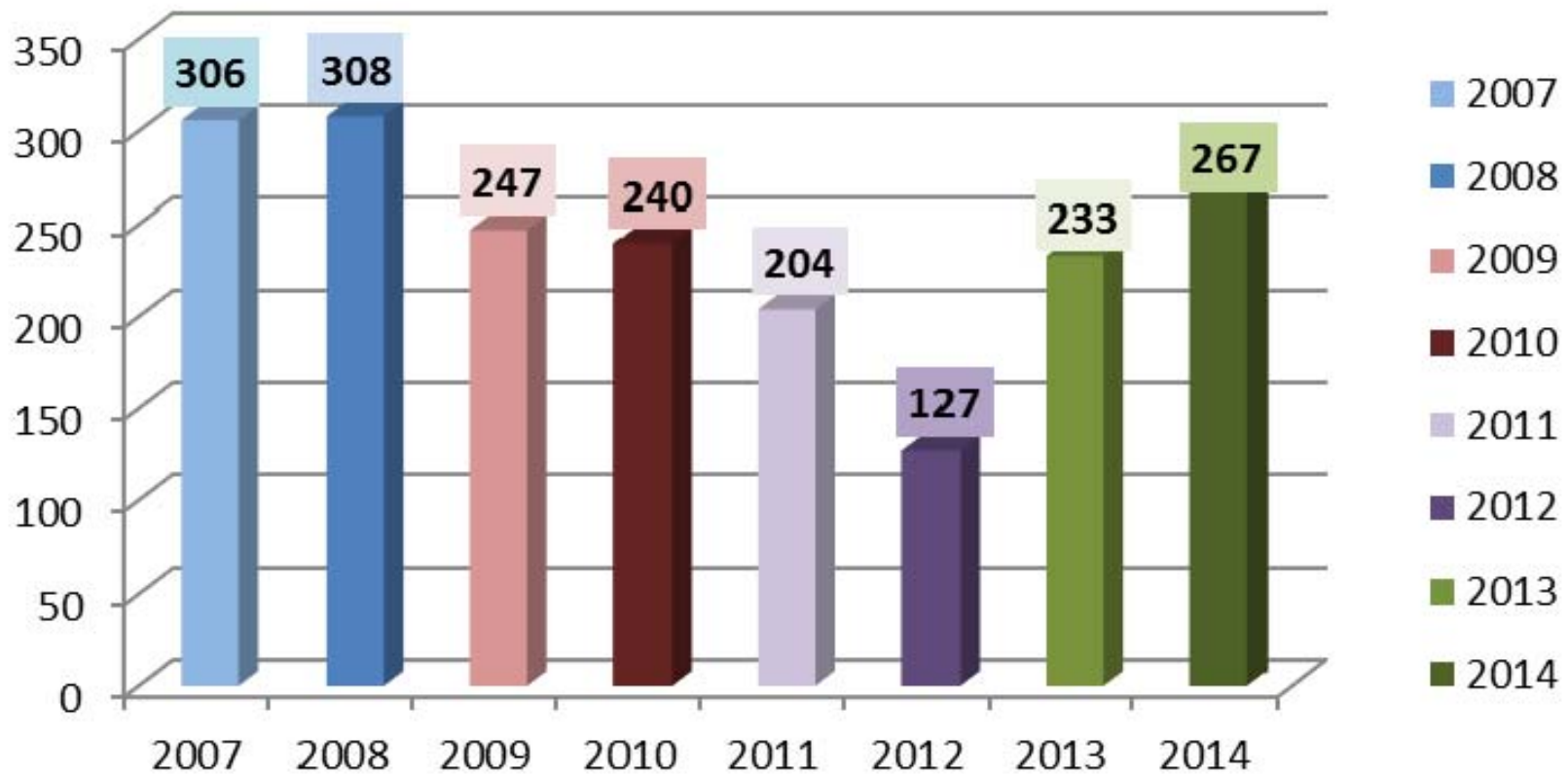
-Possible Loss of Federal / State \$ on Project



Contract Modifications

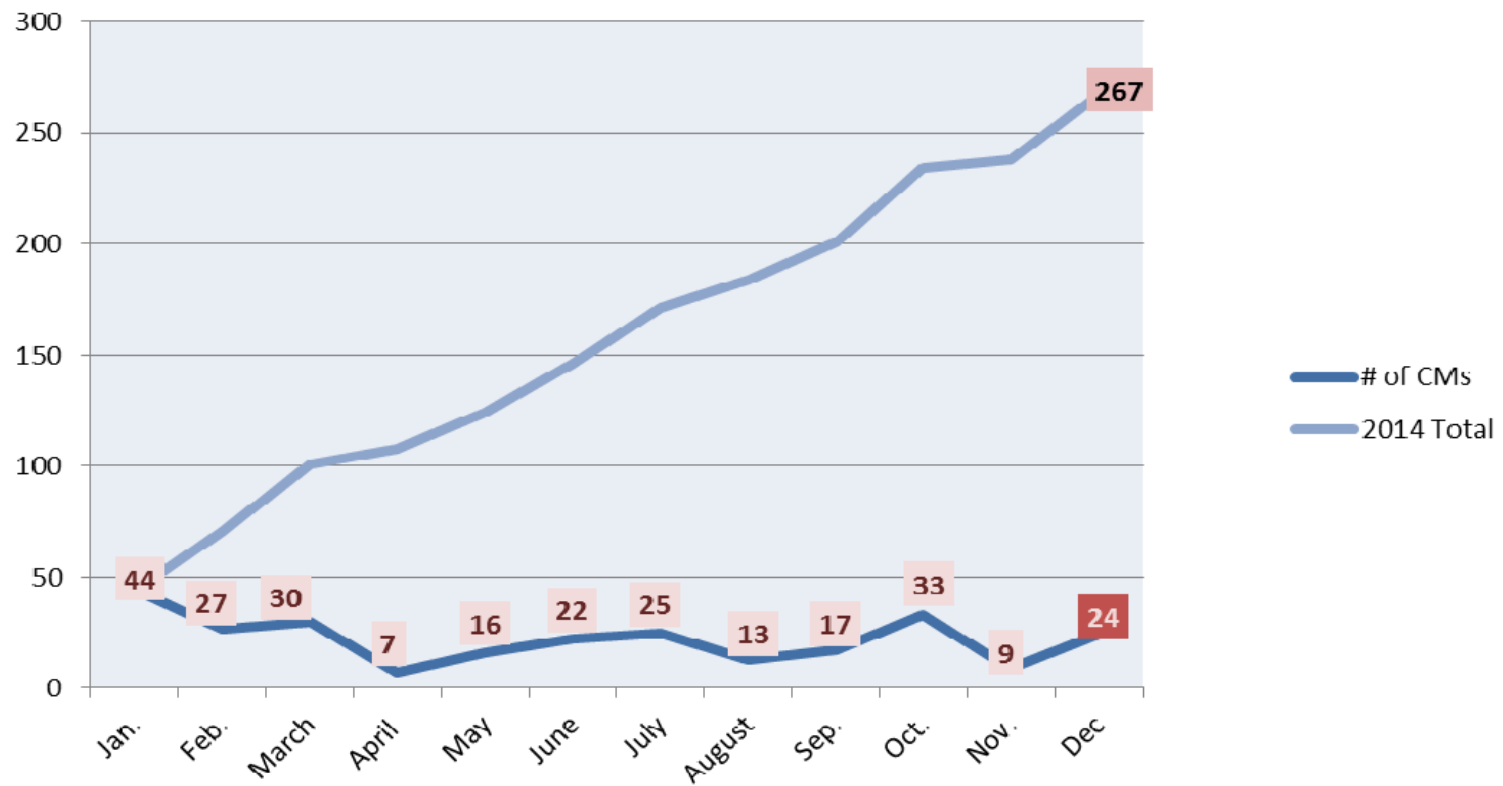
Total Tier III CMs

SAB / STC / TIER III Approval Contract Mods



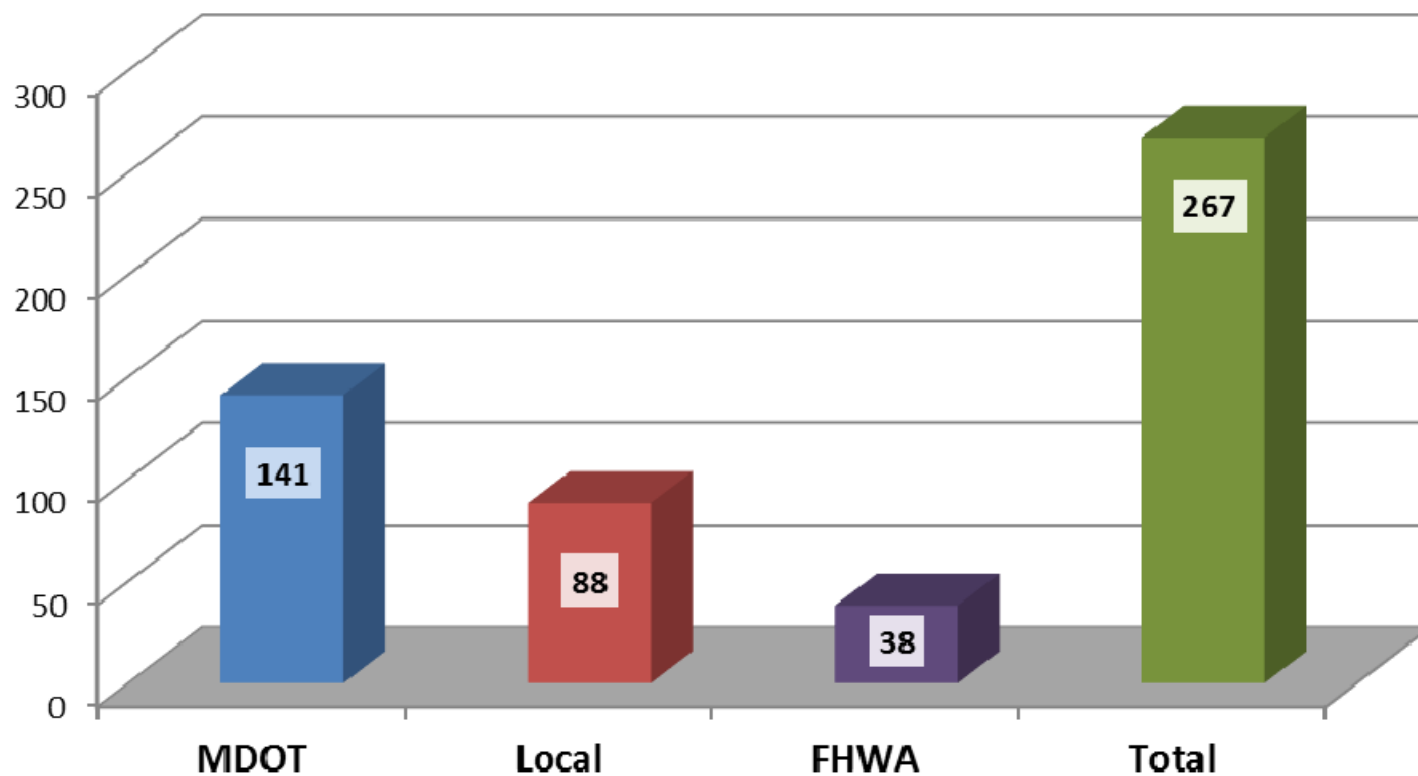
Monthly Tier III CM Levels

2014 Monthly Number of TIER III CMs at CFS



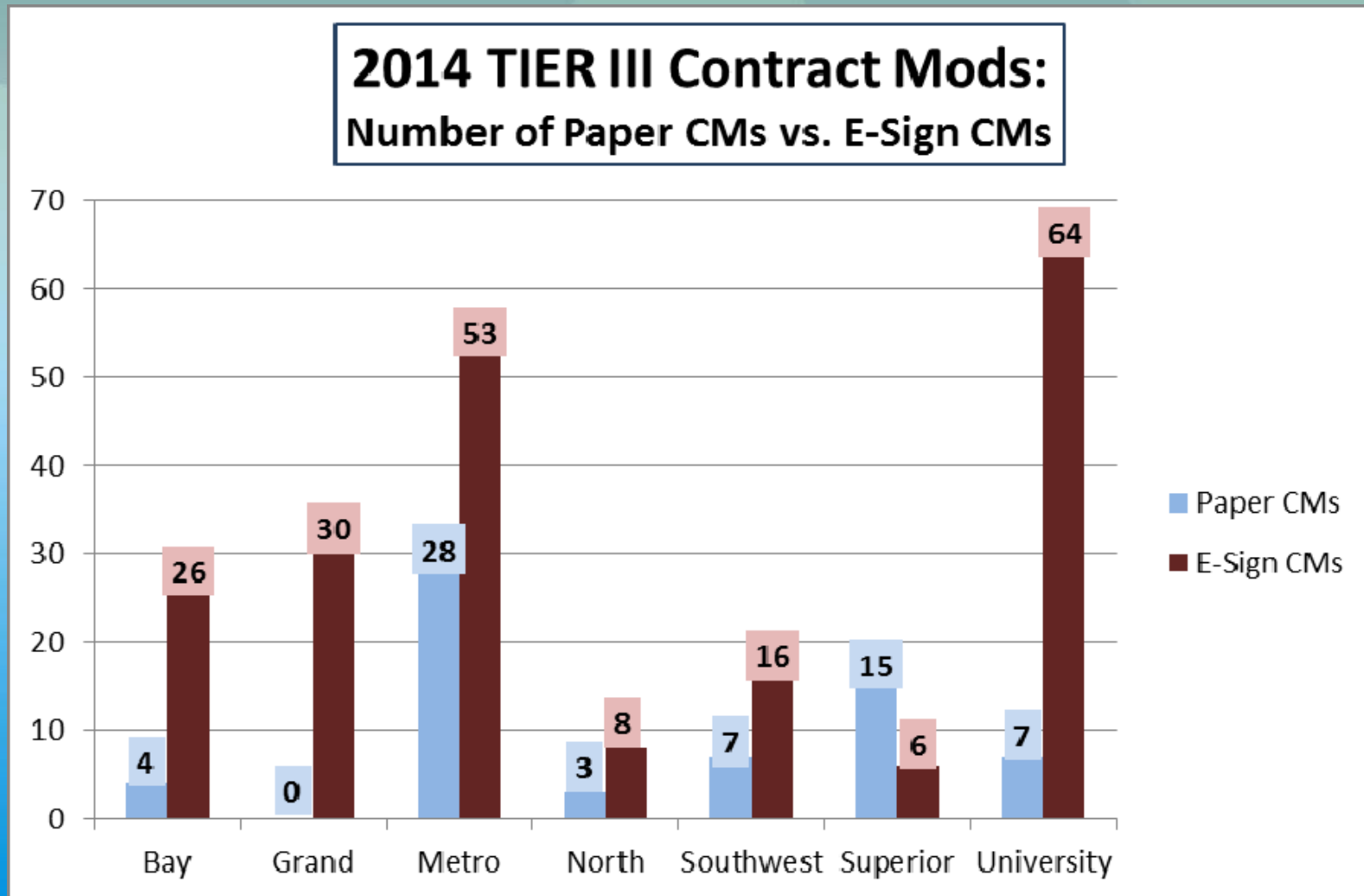
Type of Project Breakdown of T3 CM

Number of 2014 TIER III CM by Type of Project



Tier III CM - Format

(Paper or Electronic)



Contract Modifications – General Tips

- **There will be less issues if you generate contract modifications as the changes occur (+&-)**
- **Waiting till end of project for one giant contract mod will lead to more issues.**
- **Negotiate Prices, show how you evaluated prices for new items.**
- **Not everything has to match average units.**
- **Using Force Account methods will force an audit if the project gets to Tier III**



Force Accounts

Force Accounts

- **“Contractor” Force Account Process Improvement still underway**
- **Will have new guidance for 2015 season**
- **When possible, best choice is to negotiate.**
- **Force Accounts should be last resort**
 - **(Per FHWA guidance FA should be rare)**

Force Accounts

- **New Force Account Guidance will include:**
 - **Standard form fillable Spreadsheet**
 - **Heavy emphasis on workplan**
 - **Require Daily reconciliation forms**
 - **Guidance on some common issues**
 - **Temporary Sheet pile**
 - **Custom build contractor equipment**

Force Accounts

- **Possible larger fundamental changes:**
 - **Extensive review of a simplified universal markup. (IE instead of 35% on labor, it is about 40% but no paperwork required for insurances, bonds, etc.**
 - **National Average is about 39% for state DOTs with a universal markup**
 - **Currently negotiating with industry.**
 - **Possible MDOT pilot spec in 2015 as “permissive” giving contractors the choice of std specs or the new unified markup**

Force Accounts

- **Regardless of Negotiations outcome or Pilot Process please keep in mind that all force accounts are under scrutiny**
- **High risk of fraud**
- **High risk of kickbacks/collusion**
- **Owners almost always pays more in the end for using Force Accounts than a high negotiated price**

Force Accounts

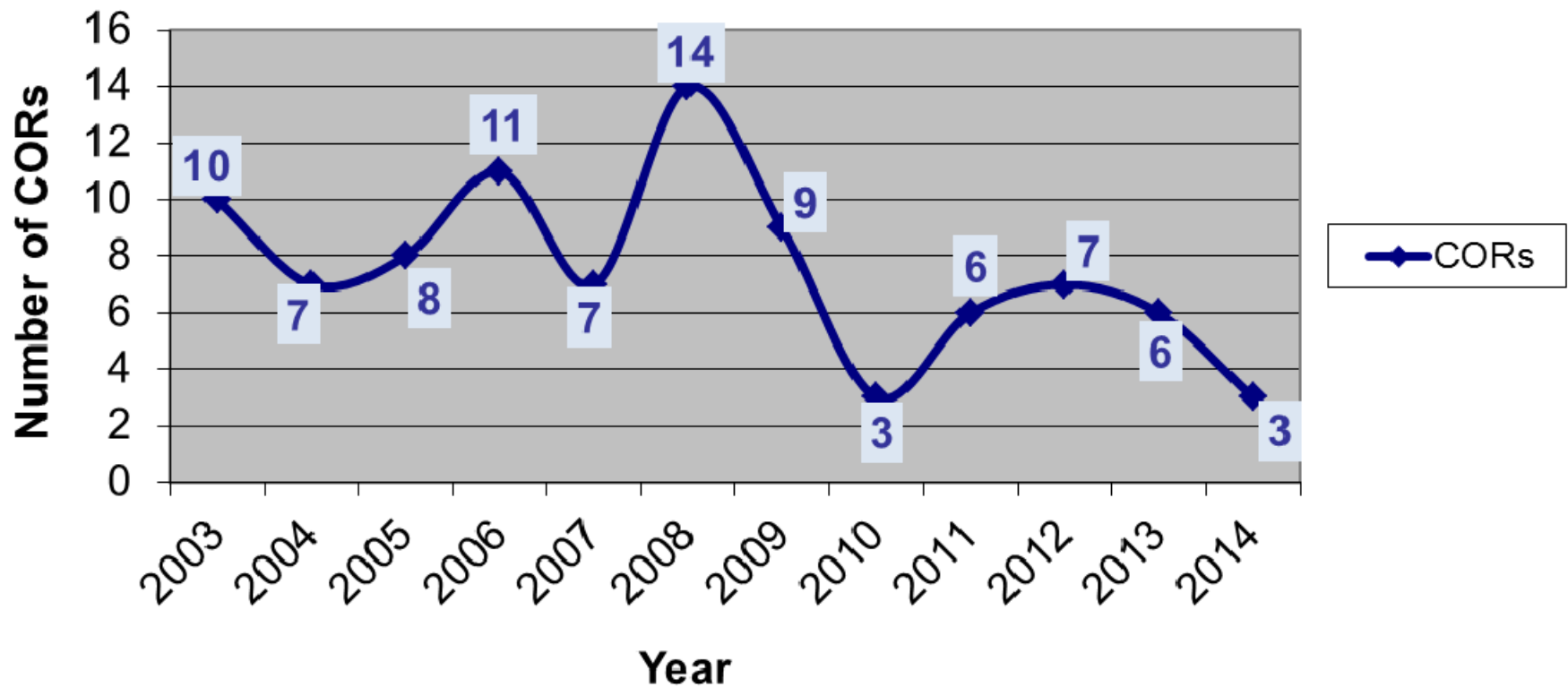
- **Force Accounts are FHWA focus area again in 2015**
- **MDOT CFS will review all force accounts on projects reaching Tier III status (>10%)**
- **Office of Commission Audits (OCA) also reviews all projects finalized over 10% on behalf of the State Transportation Commission**
 - *Once the project reaches Tier III, they will go back and look at any force accounts in the project.*



Claims / Dispute Resolution Board (DRB) Pilots

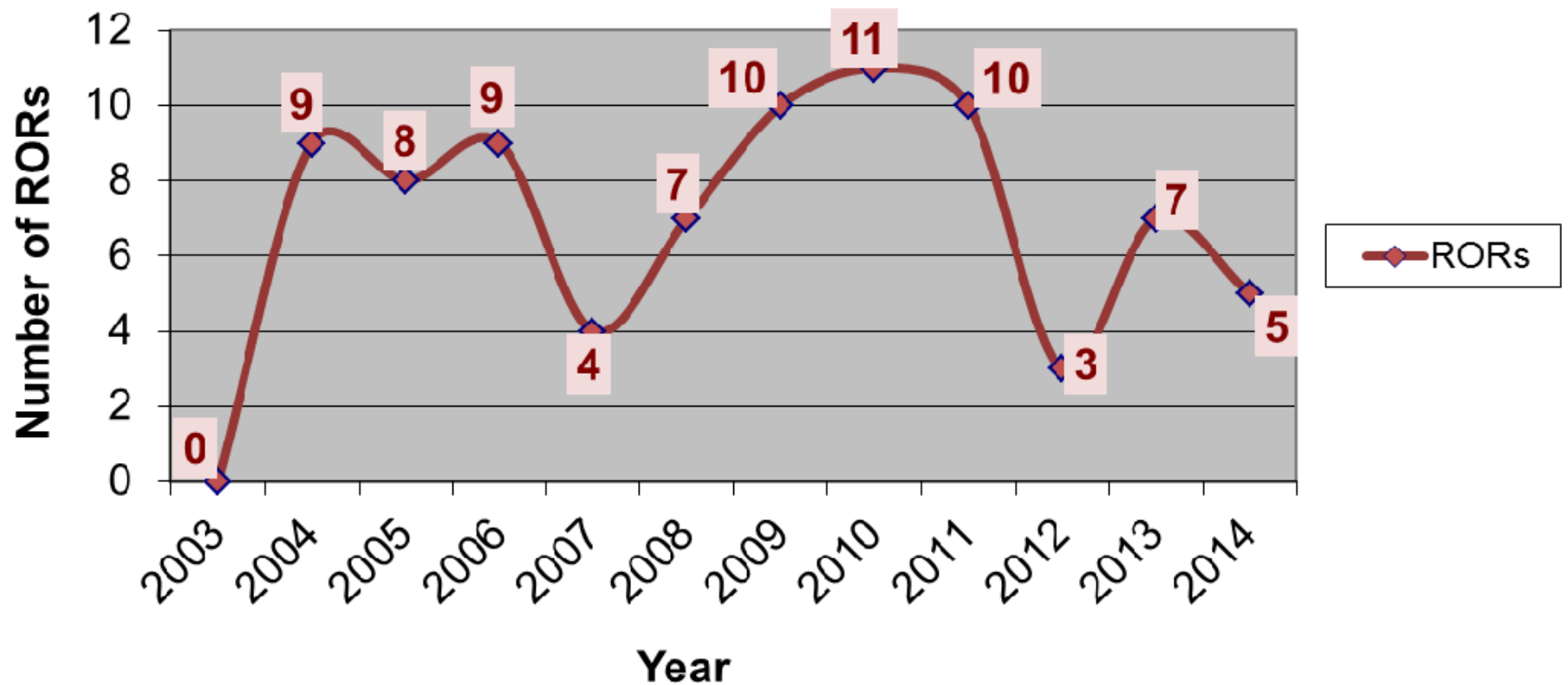
Yearly CORs

Annual Central Office Reviews (COR)



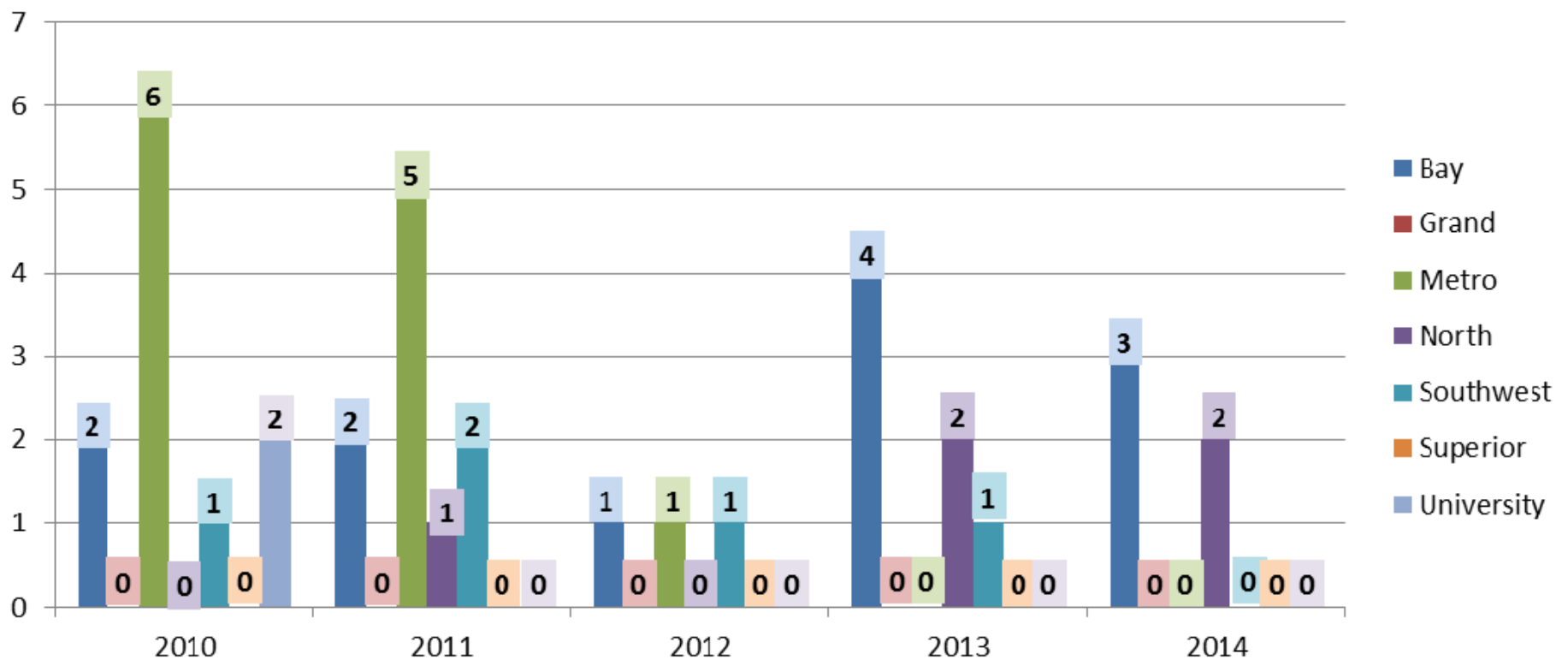
Yearly RORs

Annual Region Office Reviews (ROR)



5 Year ROR Trends

5 year ROR Summary



Dispute Resolution Board (DRB) Pilots

Key Aspects of DRB Special Provision

- Replaces MDOT ROR/COR process
- Cost split 50-50 Contractor & Project (*Fed/State Eligible*)
- Three Person Panel (*1-chosen by engineer, 1-by contractor, 3rd (Chairman) by the first two*)
- Non-Binding, similar to ROR/COR process
- DRB hearing held within 4 weeks
- Decision issued in 5 days
- 1st official DRB hearing held 1/15/15 in Bay Region
- Still evaluating process, but seems favorable

Questions / Comments?

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- Too Shy to ask? Use the CEW Live Poll
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