



Minnesota Department of Transportation

395 John Ireland Boulevard
Saint Paul, MN 55155

January 3, 2012

The Honorable Mike Beard, Chair
House Transportation Policy and Finance Committee
417 State Office Building
St. Paul, MN 55155

The Honorable Frank Hornstein, Ranking Minority Member
House Transportation Policy and Finance Committee
213 State Office Building
St. Paul, MN 55155

The Honorable Joe Gimse, Chair
Senate Transportation Committee
303 State Capitol
St. Paul, MN 55155

The Honorable Scott Dibble, Ranking Minority Member
Senate Transportation Committee
115 State Capitol
St. Paul, MN 55155

Dear Legislators:

I am pleased to present the third annual report on the local design-build contracting pilot program, as required under Laws 2009, Chapter 26, Article 3, Section 29, Subdivision 2. This report summarizes the progress made during 2011 on implementing the design-build contracting method for local transportation projects.

Based on MnDOT's experience with our design-build program and our experience with two state-aid projects underway, the design-build project delivery method for county and municipal governments is proving to be a vital process in delivering quality projects on or ahead of schedule; on or under budget; and in a manner that is safe for the owner (county or city), the design-builder (contractor) and the public.

Please contact me if you have any questions or comments about this report, or you can contact Rick Kjonaas in MnDOT's Office of State Aid for Local Transportation at 651-366-3802 or at rick.kjonaas@state.mn.us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'T. K. Sorel'.

Thomas K. Sorel
Commissioner

An Equal Opportunity Employer





Legislative Report on Local Design-Build Contracting Pilot Program

January 2012



Anoka CSAH 14
Design Build Project

Your Destination...Our Priority



Laws of Minnesota 2009, Regular Session

Chapter 36, Article 3

Sec. 28 **DESIGN-BUILD PROJECT SELECTION COUNCIL**

Subd. 4. **Report to legislature.** Annually, by January 15, the council shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation budget and policy, and to the legislature as provided under Minnesota Statutes, section 15.059. The report must summarize the design-build pilot program selection process, including the number of applications considered; the proposal process for each project that was selected; the contracting process for each project that was completed; and project costs. The report must evaluate the process and results applying the performance-based measures with which the commissioner evaluates trunk highway design-build projects. The report must include any recommendations for future legislation.

In accordance with Minnesota Statutes, section 3.197, the cost of preparing this report was less than \$1,000.

To request this document in an alternative format, please contact MnDOT's Affirmative Action Office at 651-366-4718 or 1-800-657-3774 (Greater Minnesota); 711 or 1-800-627-3529 (Minnesota Relay). You may also send an e-mail to ADArequest.dot@state.mn.us.

I. LEGISLATIVE REPORTING REQUIREMENT

Design-build is a contracting process that brings designers and contractors together early in the detail design portion of a project. The owner clearly defines the standards and general specifications they expect for a project, and the design-build team works together to satisfy those requirements. It can deliver projects significantly faster than traditional methods, where a project is not put out for bid until the design is complete. Design-build can also lead to innovative approaches for constructing projects, and in some cases can lead to cost savings.

The authority for a design-build contracting pilot program is found in Laws of Minnesota 2009, Regular Session, Chapter 36, Article 3, Section 29. It provides that the commissioner of transportation conduct a design-build contracting pilot program to select local transportation projects for participation in the program; conduct information sessions for engineers and contractors; and support and evaluate the use of the design-build method of contracting by local governments in constructing, improving and maintaining streets and highways on the state-aid system.

The law further provides that a Design-Build Project Selection Council is established to select, evaluate and support county and municipal transportation projects on the state-aid system that are conducive to use of the design-build method of contracting and to report to the legislature.

In order to accomplish these purposes, the Design-Build Project Selection Council shall:

- (1) Review applications for participation received by the commissioner from counties and cities;
- (2) Select for participation in the pilot program projects on the state-aid system;
- (3) Determine that the use of design-build in the selected projects would serve the public interest, after considering, at a minimum:
 - (i) The extent to which the municipality can adequately define the project requirements in a proposed scope of the design and construction desired;
 - (ii) The time constraints for delivery of the project;
 - (iii) The capability of potential contractors with the design-build method of project delivery;

- (iv) The suitability of the project for use of the design-build method of project delivery with respect to time, schedule, costs, and quality factors;
 - (v) The capability of the municipality to manage the project, including the employment of experienced personnel or outside consultants; and
 - (vi) The original character of the product or the services;
- (4) Periodically review and evaluate the use of design-build in the selected projects; and
- (5) Assist the commissioner in preparing a report to the legislature at the conclusion of the pilot program.

The required membership of the Design-Build Project Selection Council is:

- Two contractors, at least one of whom represents a small contracting firm, selected by the Associated General Contractors, Minnesota chapter;
- Two project designers selected by the American Council of Engineering Companies, Minnesota chapter;
- One representative of a metropolitan area county selected by the Association of Minnesota Counties;
- One representative of a greater Minnesota county selected by the Association of Minnesota Counties;
- One representative of a metropolitan area city selected by the League of Minnesota Cities;
- One representative of a greater Minnesota city selected by the League of Minnesota Cities; and
- The commissioner of transportation or a designee from the Minnesota Department of Transportation, Division of State Aid for Local Transportation.

The following individuals are members of the Design-Build Project Selection Council:

Al Forsberg, Blue Earth County Engineer
 Gary Brown, former City Engineer
 Dave Perkins, Olmsted County Commissioner

Butch Trebesch, Ames Construction
Jeff Carlson, Ulland Brothers
Edward Terhaar, Wenck Associates, Inc.
ArunShirole, S&A Shirole, Inc.
Carol Duff, Red Wind City Council
Rick Kjonaas, MnDOT Deputy State-Aid Engineer

The following individuals are alternate members of the Design-Build Project Selection Council:

Lisa Weik, Washington County Commissioner
Greg Isakson, Goodhue County Engineer
Scott Schulte, Coon Rapids City Council
Richard Freese, Rochester City Engineer

The following individuals are ex officio members of the Design-Build Project Selection Council:

David Oxley, American Council of Engineering Companies
Tim Worke, Associated General Contractors
Abbey Bryduck, Association of Minnesota Counties
Anne Finn, League of Minnesota Cities

1. 2011 Summary of the design-build pilot program selection process

During 2011 MnDOT's Division of State-Aid for Local Transportation continued to educate, market, solicit and assist local agencies on the use of design-build. With the development of the Request for Proposals for Anoka County's County State-Aid Highway 14 Project, a template for future state-aid design-build projects was created.

A. Number of applications considered

There were no new applications to consider during 2011.

B. Proposal process for each project selected

Anoka County and the city of Rochester are using the "best value" proposal process developed under the pilot program.

C. Contracting process for each project completed

Anoka County and the city of Rochester are using the pilot program design-build contracting process.

D. Project cost

The engineer's cost estimate for the Anoka County CSAH 14 project was \$31,123,235.00. The contract was awarded

to the best-value contractor, C.S. McCrossan, Inc. at a bid price of \$35,698,000.00.

The 2nd Street SE Project has not been let so project costs are undetermined at this time. The final cost will not be available until the project is complete.

2. Process and results evaluation based on performance-based measures used to evaluate highway design-build projects

MnDOT uses two performance-based measures to evaluate project performance:

- Project Construction Cost Target – “Projects completed within 7 percent of original letting costs”
- Construction Timeliness Target – “Intermediate and final completion dates met on 95 percent of projects”

The evaluations based on performance measures will not be available until the projects are under construction or completed.

Both the Anoka County and city of Rochester projects are using the design-build best-value delivery method which can result in the following benefits: 1) reduced delivery time; 2) contractor selection based on technical and financial evaluation; 3) reduced user costs; and 4) minimal impacts to businesses and residents.

For a complete list of benefits, go to:

http://www.dot.state.mn.us/stateaid/sa_design_build_for_locals.html and click on “State Aid Design-Build Project Delivery for Minnesota Cities and Counties.”

3. Recommendations for future legislation

- Amend the design-build pilot program statutes, making design-build a permanent project delivery method for local agencies’ transportation projects.
- Revise the pilot program design-build process to be more consistent with MnDOT’s design-build process (for clarity and training purposes).
- Review the State-Aid Rules and obtain FHWA approval for the design-build process.

II. PROGRESS ON THE PILOT PROGRAM PROJECTS

1. Anoka County's County State-Aid Highway 14 Project

Anoka County is using the pilot program two-part best value procurement process.

On January 28, 2011, Anoka County issued the Request for Proposals to the four short-listed teams. The technical proposals and the price proposals were received on March 31, 2011, and April 14, 2011, respectively. The public opening of the proposals and the determination and announcement of the apparent best value contractor occurred on April 28, 2011. Anoka County awarded the contract to C.S. McCrossan, Inc., Maple Grove, Minn., and issued the first notice to proceed to the contractor on June 1, 2011.

The Anoka County project is the first project under the pilot program; after one construction season it remains on schedule and within budget.

2. City of Rochester's 2nd Street SE Project

Rochester Public Works staff, overseeing the 2nd Street Design-Build project, met with MnDOT on several occasions to receive required training for the design-build project delivery method.

The city of Rochester issued the Request for Qualifications on August 19, 2011; conducted mandatory contractor training on September 22, 2011; received four Statements of Qualifications on October 11, 2011; and after the Technical Review Committee scored the submittals, short-listed all four teams.

The city of Rochester conducted a mandatory RFP Educational Meeting for the short-listed teams on November 3, 2011. The short-listed teams will be issued a RFP on December 1, 2011.

The 2nd Street Design-Build project is on schedule for a 2012 completion.

III. DESIGN-BUILD PROJECT SELECTION COUNCIL ACTIONS

Since there were no new applications to consider during 2011, the Design-Build Project Selection Council did not meet.

IV. MARKETING EFFORTS

Several presentations were made to governmental, professional and industry groups to promote the design-build project delivery method for Minnesota counties and cities. Throughout the last year, representatives from MnDOT's Office of State Aid for Local Transportation made presentations to the Association of Minnesota Counties, the League of Minnesota Cities and various professional organizations.

V. OTHER PROJECTS

There are no new projects under consideration at this time.

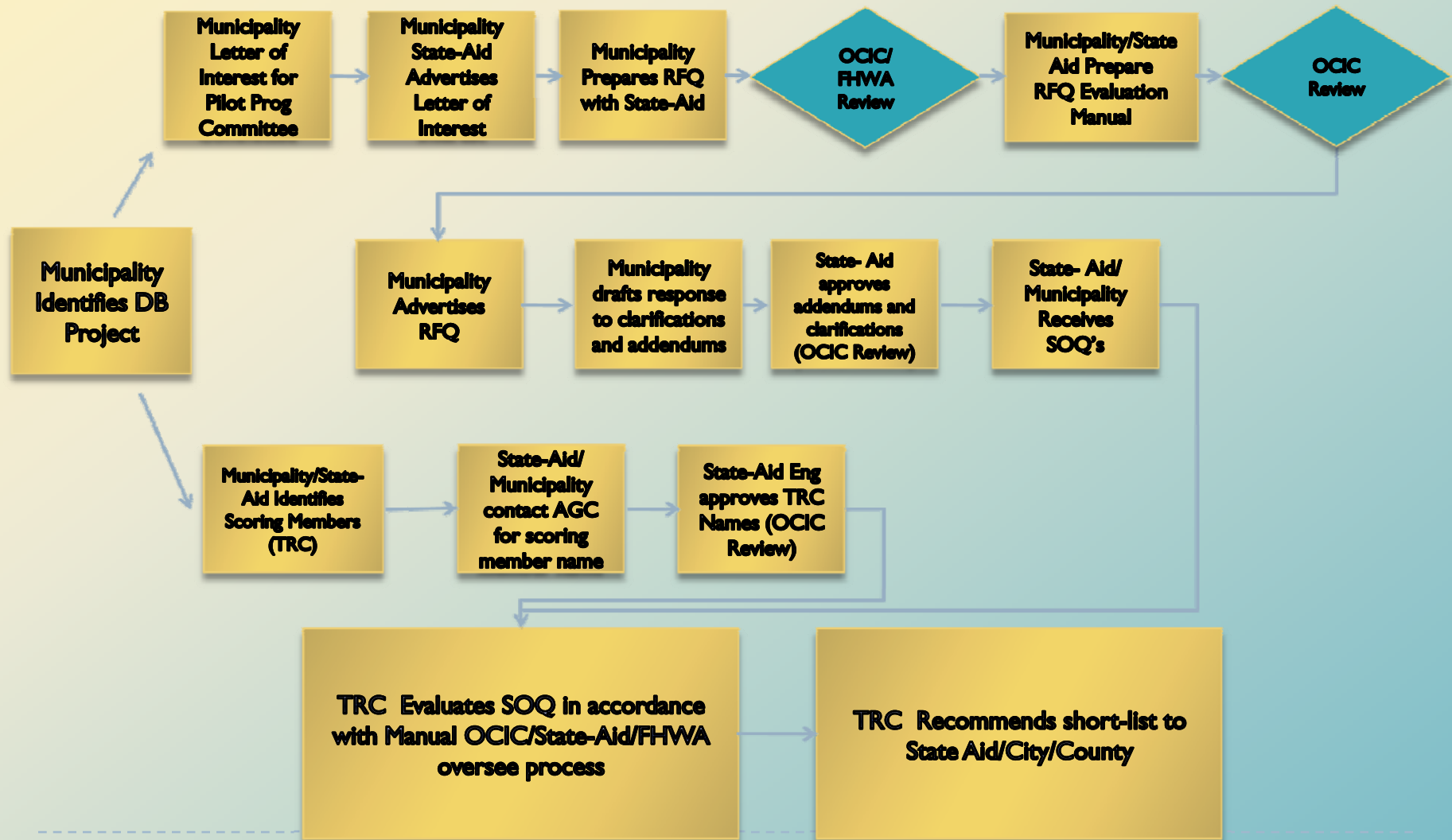
VI. CONCLUSIONS

- A concentrated effort was and continues to be made to educate, market and solicit local agencies on design-build. Time was invested into educating counties and cities about the pilot program, the usefulness of design-build, and requesting that they consider using the design-build method to deliver transportation projects.
- A template for future state-aid design-build projects was created with the development of the RFP for Anoka County's CSAH 14 project (see appendix).
- Current law states that the pilot program will expire on October 1, 2012, or upon completion of nine design-build projects under this pilot program, whichever occurs first. To date, only two projects have been selected by the Design-Build Project Selection Council. The legislature should permanently extend authority for the pilot program to continue in order to provide uninterrupted design-build authority for Minnesota counties and cities, until nine projects are completed.
- The legislature should modify the local design-build law so that it more closely conformsto MnDOT's design-build law, which should result in less confusion among the construction industry.

APPENDIX

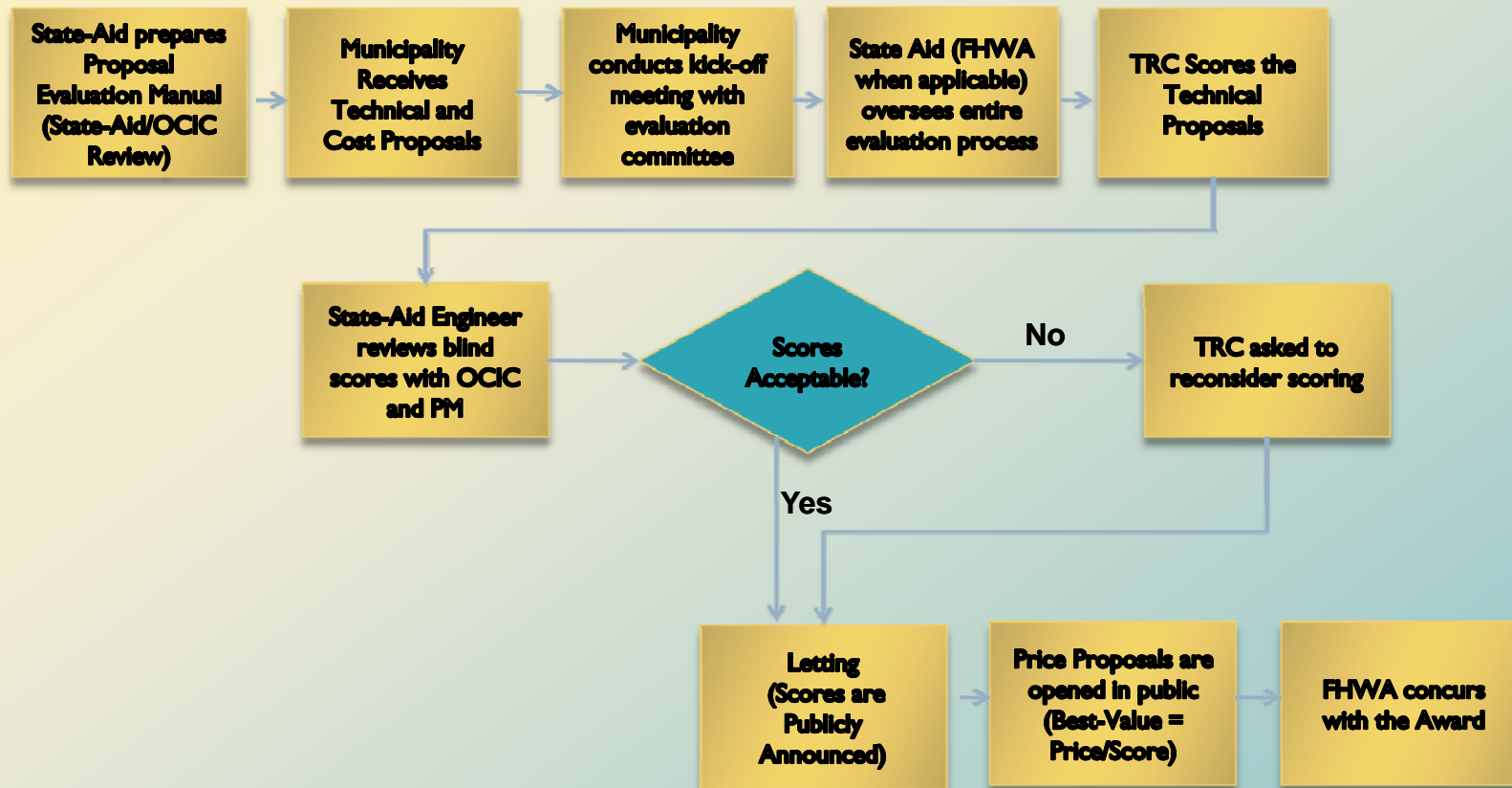
Municipal DB Short-List Process

Mn/DOT Milestone Role



Municipal DB Proposal Evaluation Process

Mn/DOT Milestone Role



Municipal DB RFP Preparation Process

Mn/DOT Milestone Role

