

# Texas DOT

General Information	
<b>Contact Information</b>	<p><b>Frank Holzmann</b>            South Central Texas Strategic Projects Office Director  <a href="mailto:Frank.Holzmann@txdot.gov">Frank.Holzmann@txdot.gov</a></p>
<b>Relevant Statute</b>	<p>Design-build allowed under two subchapters of the Texas Transportation Code, Chapter 223:</p> <ul style="list-style-type: none"> <li>• Comprehensive Development Agreements (Subchapter E), where TXDOT can enter into a comprehensive development agreement (CDA) with a private entity for a variety of projects, including both tolled and non-tolled projects.               <ul style="list-style-type: none"> <li>- Statute identifies processes for both solicited and unsolicited proposals</li> <li>- Detailed processes for procurement identified in statute, including what is required in both RFQ and RFP for evaluation factors</li> </ul> </li> <li>• Pure design-build (Subchapter F)               <ul style="list-style-type: none"> <li>- Initial legislation allowed 3 DB projects a year, each project having a minimum of \$50 million in construction</li> <li>- 2015 legislation allows 3 DB projects a year, each project having a minimum of \$150 million in construction cost</li> <li>- Detailed processes for procurement, including requirements that no fewer than two entities be shortlisted, specified stipend amounts, and that a weighted criteria evaluation process be used, with price being at least 70% of the selection weight.</li> </ul> </li> </ul>
<b>DB Program Characteristics</b>	<ul style="list-style-type: none"> <li>• DB program is about \$3 to \$5 billion annually; Comprehensive Development Agreements (CDA) could be pure DB and DB with maintenance</li> <li>• Approximately 15 DB projects total</li> <li>• SH130 was first DB project</li> <li>• All but 1 DB project has a Capital or Comprehensive Maintenance Agreement (CMA) or warranty</li> <li>• Sizes range from \$80 million to \$1 billion</li> </ul>

Agency Culture, Organization and Training	
<b>Dedicated DB Program Staff</b>	<ul style="list-style-type: none"> <li>• 3 regional Strategic Project Offices (Austin, Houston, Dallas)</li> <li>• 86 FTEs</li> </ul>
<b>Outsourcing</b>	<ul style="list-style-type: none"> <li>• Rely heavily on consultants, particularly for planning and procurement</li> <li>• Each SPO has a GEC to supplement SPO staff</li> <li>• Use of GECs provides TXDOT maximum flexibility to staff up or staff down and bring in outside expertise as necessary</li> </ul>
<b>Internal Issues Related to DB Use</b>	<ul style="list-style-type: none"> <li>• Cannot eliminate all resistance</li> <li>• Learning curve exists for inspectors to understand that the DB Team has more responsibility for quality management than on a traditional project</li> </ul>
<b>Industry Issues Related to DB Use</b>	<ul style="list-style-type: none"> <li>• Smaller firms were able to obtain DB experience on small DB projects               <ul style="list-style-type: none"> <li>- Firms were not required to demonstrate prior DB experience; only experience on similar project types</li> <li>- Process worked out well for getting smaller firms experience with DB</li> </ul> </li> <li>• Industry is very involved with policy development               <ul style="list-style-type: none"> <li>- Quarterly meetings with AGC (less so with consultants)</li> </ul> </li> </ul>

<b>Procedural Guidance and Template Documents</b>	Programmatic documents are tailored to a specific project
<b>Training</b>	<ul style="list-style-type: none"> <li>• Training before each project, which covers everything from RFQ/RFP development, the procurement process, roles and responsibilities during design and construction phases, change order management, etc.</li> <li>• DB 101 Training for professional services firms and contractors</li> </ul>

<b>Selection of Project Delivery Method</b>	
<b>Drivers for Using DB</b>	Innovation
<b>Process and Tools</b>	No formalized tool
<b>Key Considerations</b>	Look for projects with: <ul style="list-style-type: none"> <li>• Significant complexity that would allow for innovation</li> <li>• Schedule constraints</li> <li>• High risk factors (e.g., utilities, ROW, etc.)</li> </ul>
<b>Entity Making the Delivery Decision</b>	Not discussed

<b>DB Project Development</b>	
<b>Project Development Activities</b>	Design taken to about 30% or less (need to take design to about 30% for environmental processes; RFP is generally not released prior to conclusion of NEPA)
<b>Use of Performance Requirements</b>	<ul style="list-style-type: none"> <li>• Specifications are very open (all but 1 DB project had a CMA or warranty attached)</li> <li>• DB Teams are responsible for pavement design (CMA provides an additional level of comfort regarding quality)</li> </ul>
<b>Lessons Learned</b>	Not discussed

<b>Procurement Process</b>	
<b>Delivery Options</b>	<ul style="list-style-type: none"> <li>• Two-step best value, under both CDA and pure DB legislation</li> <li>• All but 1 DB project had a maintenance (CMA) or warranty agreement</li> <li>• CMAs are bid out as an item (\$/yr)</li> <li>• CMAs range from 15 to 25 years, authorized in 5 year increments</li> <li>• No legislative authority to perform CM/GC</li> </ul>

<b>Procurement Steps</b>	<ol style="list-style-type: none"> <li>1. Issue RFQ</li> <li>2. Short-list about 3 or 4 teams (look for a natural break in the scores)</li> <li>3. Release draft RFP</li> <li>4. Hold one-on-one meetings with the short-listed firms</li> <li>5. Issue final RFP</li> <li>6. One-on-one meetings with proposers to discuss ATCs</li> <li>7. Evaluation of technical proposals by Evaluation and Selection Recommendation Committee (ESRC), with assistance from other subcommittees, e.g.: <ul style="list-style-type: none"> <li>- Pass/fail and responsiveness</li> <li>- Development Plan evaluation</li> <li>- Financial Proposal evaluation</li> </ul> </li> <li>8. Evaluators independently score specific areas based on expertise</li> <li>9. Once a consensus technical score is obtained, price score is determined and added to technical score (lowest price receives maximum points)</li> <li>10. Senior Management affirms overall best value determination</li> </ol>
<b>Selection Method</b>	<ul style="list-style-type: none"> <li>• Usually an 80/20 split for price/technical (minimum 70/30 by legislation) <ul style="list-style-type: none"> <li>- Price and Technical scores are added together</li> <li>- Apparent best value is the proposer receiving the highest total proposal score</li> </ul> </li> <li>• Financials are considered on a pass/fail basis (minimum threshold established)</li> <li>• On one project, the low bid did not win (flipped on technical)</li> <li>• No protests related to short-listing or final selection</li> </ul>
<b>Bundling DB Projects</b>	<ul style="list-style-type: none"> <li>• Not discussed, but given the \$150MM threshold, seems unlikely</li> </ul>
<b>Use of Alternative Technical Concepts (ATC)</b>	<ul style="list-style-type: none"> <li>• Innovation received through ATCs</li> <li>• Proposers are really using ATCs to differentiate themselves</li> <li>• TXDOT has asked the successful firm to price out and incorporate the ATCs of unsuccessful proposers</li> <li>• One-on-one meetings are a very good communication tool</li> </ul>
<b>Stipends</b>	<ul style="list-style-type: none"> <li>• By legislation, stipends are 0.25% of the contract amount</li> <li>• TXDOT feels that it is getting better proposals by providing a higher stipends</li> </ul>
<b>Other Comments</b>	<p><i>Maintenance Agreements</i></p> <ul style="list-style-type: none"> <li>• CMAs were thought to be a good idea to help protect the DOT with regard to quality, especially since DB Team performs the pavement design</li> <li>• Industry seems to prefer warranties to CMAs</li> <li>• Maintenance agreements started as capital maintenance agreements (i.e., pavement integrity); moved to comprehensive maintenance (i.e., routine maintenance included); and has now shifted back to capital maintenance</li> </ul>

<b>Risk Allocation</b>	
<b>Risk Management Philosophy</b>	Not discussed
<b>Differing Site Conditions</b>	<ul style="list-style-type: none"> <li>• Risk is often shared</li> <li>• Contract contains strong language on what is a DSC</li> </ul>
<b>Permitting</b>	Not discussed
<b>Utilities</b>	<ul style="list-style-type: none"> <li>• DB Team responsible for coordinating utility work (although cost of all betterments borne by the utilities)</li> <li>• DB Team assumes the schedule risk</li> </ul>

<b>Right-of-Way</b>	<ul style="list-style-type: none"> <li>• DB Team usually responsible for all information and appraisal work (on some smaller DB projects, TXDOT retained all ROW responsibility)</li> <li>• TXDOT approves the ROW package</li> <li>• DB Team assumes schedule risk</li> </ul>
<b>Third Parties</b>	Not discussed
<b>Other</b>	<ul style="list-style-type: none"> <li>• Risk assessment workshops performed as a standard practice</li> <li>• Dollar cap placed on hazardous material removal</li> </ul>

**DB Contract Administration**

<b>Design Oversight</b>	<ul style="list-style-type: none"> <li>• DB Team prepares Project Management Plan and Design Quality Management Plan</li> <li>• GEC acts as extension of TXDOT staff; final decision rests with TXDOT <ul style="list-style-type: none"> <li>- GEC conducts an audit to ensure DB Team is adhering to their design quality management plan</li> <li>- GEC reviews design packages</li> </ul> </li> </ul>
<b>Construction Oversight and Quality Management</b>	<ul style="list-style-type: none"> <li>• DB Team prepares Construction Quality Management Plan</li> <li>• For acceptance, TXDOT performs about 10% of the contractors testing as Owner Verification Testing</li> </ul>
<b>Payment</b>	Not discussed
<b>Best Practices and/or Lessons Learned</b>	Co-location has been great. Key personnel, such as the design manager, design leads in the key project disciplines (e.g., geotech, drainage, etc.) are required to be at the project office at least part of the week

**Performance Outcomes**

<b>Tracking of Metrics</b>	<p>No formal tracking of metrics, but DB projects are known for:</p> <ul style="list-style-type: none"> <li>• On time performance</li> <li>• Having less change orders than on DBB</li> </ul>
<b>Success Factors</b>	<ul style="list-style-type: none"> <li>• Interaction of the DB Team</li> <li>• Communication and coordination of all parties (partnering used during design and construction; quarterly project executive meetings)</li> <li>• ATCs (provide much innovation and cost savings)</li> <li>• Timely owner reviews/approvals (RFPs include strict timelines)</li> </ul>
<b>Other Comments</b>	<p>As industry gets more comfortable with DB, would like to see its use extended to smaller projects</p> <ul style="list-style-type: none"> <li>• Smaller DB projects provide the opportunity to grow the industry</li> <li>• All 4 of TXDOT's small DB projects went to firms that had no prior DB experience (e.g., US 77, Loop 1604)</li> </ul>