

Guidelines for using the Additive Item Bidding Special Provision 00515M

Purpose

The purpose for this special provision is to provide a tool for the Project Manager to develop a project with a scope that falls within the budget while allowing for additional scope to be awarded if favorable bids are received.

This method is not desirable for all projects. It may be useful in cases where there is some uncertainty about the realistic costs of a project, and features of the project can be incrementally scoped in a way that makes sense. The project must be a viable project that fulfills its basic purpose if only the base package can be awarded. As with any procurement method, the goals of the project must be clearly understood in order to determine the procurement method that is most likely to lead to success.

Design Considerations

The decision to use this type of awarding method should be made early enough in the design process to allow for the development of additional items with the associated quantities, plans, specifications and details. Each additive package must be contained within its own detail on the engineers estimate. Deciding to resort to this method too late will result in additional design costs and undesirable delays.

This contracting method requires that the department publish in the specification the amount of money that the Department has budget for the contract. This amount is not the commission-approved amount. It is the amount available for contracting after all design, utility, right-of-way, CE, incentives, and contingency costs have been deducted from the commission-approved amount. In order to avoid the appearance of subjectivity, the Department makes a commitment to award the maximum amount of work within the budget. The Department also will not seek additional funding beyond the identified amount if the additional funding changes who the low bidder would be.

The intent is to design a project scope that is well within the project budget. While providing for additional desired work items to be awarded if budget allows. The number of additive packages should be limited to no more than three. The dollar value of each additive segment should be small enough so as to increase the likelihood of being able to include one or more of them in the award.

The summary sheets should clearly distinguish between the base work items with associated quantities and the items and quantities associated with each additive package. There should be unique items for each segment. In other words, if each segment has UTBC as a work item, each segment should have a unique bid item for UTBC with an associated quantity. Each additive segment should include an item for general work requirements such as traffic control, mobilization, ECS, and etc.

The contract should clearly identify the contract time for the base work and the additional time allocated for each additive segment. The actual contract time is determined by adding the base time to each additive segment time included in the contract.

This method of contracting is not very conducive to the use of Cost + Time or Lane Rental provisions for several reasons. The contractor would be required to bid a separate time or lane rental component for each additional segment. The determination of low bid may become very confusing and controversial. Using A+B in this type of contract may detract from the intent of awarding the most work possible for a fixed budget.

When using additive item bidding, use the attached **00555M** and **00515M** as boilerplate guidelines.

Civil Rights Issue

On Federal Aid projects, a **DBE** goal for each possible award scenario must be specified in the contract. In other words, a goal must be defined if only the base is awarded. A different goal must be specified if the base and additive #1 is awarded. And so on.

The paragraph above applies for **training** goals also. Contact the civil rights office early in the project for guidance.

SPECIAL PROVISION

PROJECT #

SECTION 00515M

AWARD AND EXECUTION OF CONTRACTS

Add the following to Section 00515, Part 1, Article 1.3:

1.3 AWARD OF CONTRACT

- E. The Department has a budget of \$XXXXXX for this project and shall award the maximum amount of work within that budget.
 - 1. Work is divided into segments for bidding purposes.
 - a. The segments consist of:
 - 1) Base bid (bid items 1-xx)
 - 2) Additive #1 (bid items xx-xx)
 - 3) Additive #2 (bid items #xx-xx)
 - 2. Provide prices for all bid items.
 - 3. Any bid submitted without prices for each item will be considered non responsive.

- F. In the event that all bids for the base and all Additives are greater than available project funds the segments are evaluated in the following order:
 - 1. Base
 - 2. Additive #1
 - 3. Additive #2

- G. The low bid is the one that includes the base work plus the most Additives for a cost that is less than or equal to the project budget.
 - 1. In the event that multiple contractors propose to accomplish the same amount of work for a cost that is less than the project funding, the low bid is the bid with the lowest overall cost for proposed work.
 - 2. The table below provides an example of determination of low bid. Assume that the amount of available funds is **\$2,200,000**.

Contractor	Base bid	Additive #1	Additive #2	Total
A	\$2,000,000	\$ 300,000	\$ 180,000	\$ 2,480,000
B	\$1,900,000	\$ 200,000	\$ 210,000	\$ 2,310,000
C	\$1,800,000	\$ 320,000	\$ 120,000	\$ 2,240,000

- a. All total bids exceed the available funds so Additive #2 will be excluded from further computation.
 - b. Contractor A bid \$2,000,000 for base plus \$300,000 for Additive #1 for a total of **\$2,300,000**.
 - c. Contractor B bid \$1,900,000 for base plus \$200,000 for Additive #1 for a total of **\$2,100,000**.
 - d. Contractor C bid \$1,800,000 for base plus \$320,000 for Additive #1 for a total of **\$2,120,000**.
 - e. In the example the contract would be awarded to Contractor B for base work plus Additive #1. The contract amount would be **\$2,100,000**
- H. The Department may seek Additional funding for the project.
1. The Department will not seek Additional funding if the Additive of work changes the determination of low bidder.
 2. In the example above, Additional funding would not be sought because adding funds to accommodate Additive #2 would result in a different low bid contractor.

January 25, 2005

SPECIAL PROVISION

PROJECT #

SECTION 00555M

PROSECUTION AND PROGRESS

Add the following to Section 00555, Part 1, Article 1.12:

G. Contract is determined by the adding the time for the base bid and all additives that are awarded as shown in the table below:

Base	Xx working days
Additive #1	Yy working days
Additive #2	Zz working days
Additive #3	z working days