



## *Florida Department of Transportation*

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GOVERNOR

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March 22, 2004

Mr. Jim St. John  
Division Administrator  
Federal Highway Administration  
227 North Bronough Street, Room 2015  
Tallahassee, Fl. 32301

**Subject: Construction Management at Risk, (CM@Risk) Initial Report for 213442-1-52-01**

Dear Mr. St. John,

As per our commitment to use Special Experimental Project No. 14 (SEP 14) in our construction of the Madison Rest area project in Madison County, the Department submits this initial report. This project is not federally participating; however, it is our intention to advise FHWA of both projects that are in the SEP-14 proposal. The intent of this report is to let you know where we are at in this process as well as discuss industry reaction and response, and any identifiable effects on the bids received for this project. A brief description of the included work is as follows:

The work consists of roadway, site, and building improvements to the East bound and West bound rest areas in Madison County. Additional family restrooms, a concession area, a security facility and covered canopies in the courtyard will be added to each site. The existing truck parking will be expanded to allow for additional truck storage. All sidewalks and picnic shelters will be removed and replaced. The wastewater treatment plant will be completely replaced to meet current and future needs. The water treatment plant is also being upgraded. Associated site work includes high mast lighting, grading, drainage, base construction, paving, signing, pavement marking, and other incidental construction on the existing site. This construction will take place while the existing facility remains open.

The Technical Review Committee/selection committee consisted of:

Tom Crossman, P.E.

Craig Teal, P.E.

Will Watts, P.E.

Jane Jones Redd (non voting member)

The project was advertised from September 15, 2003 through November 13, 2003. The advertised cost estimate for this project is 6.25 million dollars. Five construction firms submitted responses for the request for qualification. All five firms were considered by the Technical Review Committee.

On November 15, 2003 the Technical Review Committee short listed the three most qualified firms. Although no protests were submitted by the other two firms they did request to see their technical scores. The three short listed firms were required to attend a mandatory pre-proposal meeting held on November 25, 2003. On December 11, 2003, oral presentations were held with the three short listed firms. On December 22, 2003 the final selection was determined and publicized. No protests for the selected firm were submitted. The firms ranked as follows:

Score                      Est. Const. Time                      Characteristics for selection

|                               |       |            |                                 |
|-------------------------------|-------|------------|---------------------------------|
| #1 Peter Brown Const. Inc.    | 96.33 | 7 months   | CQC, VE ideas, Experience, Time |
| #2 Ajax Construction Co. Inc. | 91.66 | 6 months   | CQC, Experience, Time           |
| #3 The Haskell Company        | 73.00 | None given | CM familiarity                  |

During the month of January 2004, the technical review committee met with Peter Brown Const. Co. and negotiated fees for the contract as well as shared information and concerns pertaining to the design of the project. The pre-construction fees will be paid as a Lump Sum percent of the estimated construction cost. Over head and profit will be paid as a percentage of the GMP amount. The Construction Phase fees will also be lump sum to be negotiated prior to submittal of the GMP. The contract was executed on February 20, 2004 between the Department and Peter Brown Co. We are currently reviewing the plans and contract documents with the Construction Manager. This iteration of review and analysis will result in a GMP. The LOA for pre-construction phase was submitted on February 27, 2004.

As per our results from the advertisement, there were two new firms submitting for this project. Although neither of these firms were shortlisted they were interested and anxious to find out more about CM @ Risk. Through my interactions with the Procurement office there was some discussion among the construction industry about the CM@Risk methods used for FDOT construction projects. From the information that we have received through advertising both CM @ Risk projects, there were companies that are interested in this new method of contracting; yet, they still were concerned about the fact that road work was being addressed in a different contracting manner. The main objective of CM @ Risk is that no self performance was allowed by the Construction Project Manager. Any new process has negative as well as positive aspects to it. We have not had any written protests from any of the construction firms that submitted responses for a request for qualification. As with any new process there will be some apprehension about this method when road construction is involved. The CM @Risk process should alleviate any misunderstandings about the difference between the typical road and bridge construction contract, as compared to a roadway and building construction contract (CM @Risk).

We had numerous meetings and reviewed Specifications, procedures and processes. We will be paying both contracts by CIT. The documentation will be kept by the CM@ Risk firm for use by the Department. Contract modifications will be in the form of Change Orders rather than Supplemental agreements etc. We anticipate some challenges with this new process for FDOT; however; we also anticipate financial savings and time reductions through the CM@ Risk contract administration of this type of construction project.

Sincerely,

Tom Crossman, P.E.  
Project Administrator  
Lake City Construction, FDOT