Roadway Materials Transition

Alanna Bettis, P.E. – MNT
Jason Dupree, P.E. - ATL
What initiated the Materials Transition?

- During the 86th Legislative Session, Senate Bill 1092 passed amending the Transportation Code language.
- On June 4, 2019, the Governor signed Senate Bill 1092.
- TxDOT will competitively bid highway contracts for:
  1. the improvement of a highway;
  2. materials to be used in the construction or maintenance of a highway; or
  3. traffic control or safety devices used on a highway.
- Law now requires these contracts to be awarded by the Transportation Commission (state let) or District Engineer (local let).
What does this mean?

- Over the next fiscal year, material purchasing will transition from the Comptroller’s Office “Smart-Buy” system to the highway improvement low bid contract letting and award process described in the Transportation Code.
- The transition will occur slowly over the next fiscal year, following the schedule of current CPA contract expirations.
What does this mean?

- The current roadway material CPA contract expiration dates are as follows:
  - West Region  *Expires 03/30/2020
  - North Region *Expires 06/06/2020
  - East Region  *Expires 09/07/2020
  - South Region Expires 06/30/2020
*(6-month extension was requested)*

- Stockpile material as much as possible. You can receive material after the expiration date but you must have the PO issued prior.
What does this affect?

- Examples of items included in these material contracts are rumble strips, DMS signs, herbicide, brine, hot mix, emulsion, and aggregate.
- Examples of items that will continue to be purchased through PRO will be fuel, tires, lubricants, personal protective equipment, and services.
Positive Impacts to TxDOT

- SmartBuy charges a 1.5% administrative fee on all material purchase orders, which inflates TxDOT costs and adversely affects our material suppliers.
  - TxDOT potential cost savings is roughly $3.4M annually.
Positive Impacts to TxDOT

- Transitioning to the “Routine Maintenance Contracts” process:
  - allows for faster execution and work order process to purchase materials.
  - reduces lead times and inflated order amounts.
  - provides control of necessary material specifications for safety and durability.
  - contracts are recorded and paid through SiteManager, implementing standardized budget reporting across the state.
  - serves as an easier method to track quantities, backorders, and remaining balances.
  - eliminates encumbrances providing accurate budget tracking and reporting.
  - allows control of the material unit of measure eliminating current material conversion issues.
How is the transition occurring?

- MNT is coordinating these efforts with:
  - Multiple Divisions (SSD, TRF, PRO, GCD, FIN);
  - Selected Districts (ATL, BWD, LBB, YKM);
  - Associated General Contractors of Texas (AGC) and Texas Asphalt Pavement Association (TxAPA)

- MNT is working with TRF and SSD to ensure RDCs will continue to provide the roadway material and traffic items already stocked at their warehouses.
How is the transition occurring?

- A new prequalification process has been established for material suppliers allowing them to bid without meeting experience and financial qualifications.
- Programming underway to accommodate new qualification, advertising, and zero bid capacity.
- Projects will be designated with a new prefix Material Maintenance Contract (MMC) and Traffic Maintenance Contract (TMC) and Type of Work “Material Only (material description).”
- Information available to suppliers on txdot.gov Business page.
Four pilot Districts are working on the first material contracts scheduled for the following local lettings:

- ATL Aggregate – Sept 2019
- YKM Flex base – Sept 2019
- BWD Flex base – Oct 2019
- LBB Paint and beads – Nov 2019

**September Letting results**

- ATL - MMC 6348-64-001
  - 1 bidder
  - 0.42% Overrun

- YKM - MMC 6320-69-001
  - 2 bidders
  - 19.35% Overrun
Pilot Contracts

- The following are guidelines being used in the pilot contract development.
  - Roadway materials locally let.
  - Calendar day contract with a duration of no more than 4 months for ease of tracking.
  - New special provision 004-004 allows up to two extensions for material contracts via a change order including potential consumer price index increases.
  - New special specifications (8000 series) for “Materials only”
  - Designate as either “MMC” or “TMC” and Type of Work “Material Only (material description).”
  - Projects waived.
  - General notes includes: specific delivery locations when possible, a minimum order, and liquidated damages based on maximum number of days for delivery.
  - Barricades and traffic control should not be included (State maintenance crews should provide)
Pilot Contracts

- SSD is letting a sign post and assemblies contract for November state letting to replenish the RDCs.

- The following are guidelines being used in the RDC pilot contract.
  - Traffic control and safety devices will be state let to stock our Regional Distribution Centers.
  - Calendar day contract with a duration of 12 months.
  - Special provision 004-002 allows one extension via a change order including potential consumer price index increases.
### Tracking deliveries and Inventory

- When ordering material, send work order to supplier and make DWR entry at time of request and everyday the material is received.
- When processing the estimate, a distribution will need to be entered to your overhead chartfield and charged to appropriation 13023.
- Make Inventory Adjustment in PeopleSoft and charged out through MMS to the roadway.
Material Contract Transition Guidelines

- Things to consider:
  - Reach out to local suppliers to discuss process and delivery options
  - Provide local suppliers txdot.gov information
  - Have multiple contracts per material for back up suppliers
  - Stagger lettings to allow for back up suppliers and ensure expiration dates differ
  - Be careful to not conservatively inflate your material need
  - Establish a minimum order
  - Implement justifiable liquidated damages
  - Be flexible with material grade and class allowing the supplier to be able to deliver materials they are manufacturing at the time.
  - Staffing (increase number of contracts/DO and MO personnel/training)
Material Contract Transition Guidelines

- New special specifications (8000 series) for “Materials only”
- MNT has draft template Material Only special specifications for most major roadway material specs
  - includes options for pick up and delivery subsidiary.
  - available as a One Time Use submittal
  - email Mark Johnson or Alanna Bettis for draft templates or if needing assistance with developing a new materials special spec
- Statewide Material Special Specifications will be developed as the process matures
Develop One Year Plan

Develop Contracts based on Plan

Multiple district contracts per material type

Start Development of new Material Contracts

Develop One Year Plan

Process 2nd CO Ext for 1 year contract*

Planned Work Orders

Process 1st CO Extension*

Planned Work Orders

Local let

*Special Provision 004-004 will allow a materials contract to be extended twice with option for consumer prices index adjustments.
## Materials Transition Proposed Implementation Timeline

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Materials Transition Proposed Implementation Timeline

- Latest Material Contracts deadline by Region
  - West Region CPA Contract – Exp 3/30/2020
    - ABL, AMA, CHD, ELP, LBB, ODA, SJT
    - ATL, BWD, DAL, FTW, PAR, TYL, WAC, WFS
  - South Region CPA Contract – Exp 6/30/2020
    - AUS, CRP, LRD, PHR, SAT, YKM
  - East Region CPA Contract – Exp 9/7/2020
    - BMT, BRY, HOU, LFK
Material Transition Supplier Communications

- As you are building contracts, please notify MNT Contract Staff with MMC/TMC and letting date information. MNT is keeping the supplier community updated with all upcoming lettings via email.

- You can subscribe to email topic at the bottom of the email to receive future communications.

- Let us know if you have suggestions for future emails.
Atlanta District’s Perspective

Jason Dupree, P.E.
Director of Maintenance
Atlanta District
RMC 6348-64-001 – Material Only, Aggregate

- Local Let in the Atlanta District, 9/19/19
- 9 vendors pulled proposals but only 1 bid
- Bid came in at 0.42% over Engineer’s Estimate of $157,490
- 2 bid items
  - ITEM 302-6006 AGGR (TY-B GR-4 SAC-A) MATL ONLY, 1,845 CY
    - Engineer’s Estimate - $42.00/CY
    - Contractor’s Bid - $85.50/CY
  - ITEM 302-6007 LOAD, HAUL & DELIVERY OF AGGREGATE, 40,000 MI
    - Engineer’s Estimate - $2.00/MI
    - Contractor’s Bid - $0.01/MI
Lessons Learned

- Contracts with specific delivery locations and quantities should not have item to pay for delivery by the mile
  - Vendors have to bid an entire mileage quantity in estimate even though they may not use (or get paid) for all of the estimated miles
- Make sure you have specifics regarding material testing (and locations) in the plans
  - We specified that testing/acceptance would occur prior to delivery to the stockpile to reduce risk of vendor having to remove unacceptable aggregate after delivery
- Be prepared to contact vendors well in advance to make sure they are getting qualified to bid on MMCs and that they understand the process and all of the requirements (insurance/bonding, etc.)
Lessons Learned (continued)

- Don’t group too many different materials into a contract. The more vendors/sub-vendors that 1 contract involves is not preferable to the bidders
  - Consider who your vendors/bidders might be and only include materials they provide into the MMC
- Consider geography when determining contracts
  - Per maintenance section, districtwide, etc.
  - Also depends on type of material; hot-mix aggregate, etc.
- If you don’t pay for mileage separately and you don’t have specific locations in the contract then be prepared to pay more for the material
  - i.e. hot-mix delivered to the roadway
- Do everything you can to reduce the bidder’s risk
  - RISK = $$
Ask Questions

Alanna Bettis, P.E. - MNT
Jason Dupree, P.E. - ATL