Alternate Design / Alternate Bidding

The American Concrete Pavement Association (ACPA) recognizes the value of competition in the transportation construction community. In terms of pavement type selection, alternate design/alternate bidding (AD/AB) is one strategy that helps agencies manage costs, and at the same time, allows contractors and other industry partners remain competitive. Noting the increasing interest and use of AD/AB as an essential element of fair and equitable pavement type selection, this document relates ACPA's perspectives on the topic, notably:

- Although AD/AB represents a viable strategy for achieving competition in pavement type selection, it should be noted it is not an end result, but simply a means to an end. It should be evaluated carefully and used in tandem with proven engineering principles and well-reasoned pavement type selection criteria.
- The Federal Highway Administration in 2008 clarified its policy on alternate bidding with a memorandum[1] that outlined six factors that should be evaluated prior to making the determination to use alternate bidding procedures and five factors that should be considered once a decision has been made to bid alternate pavement types.
- The guidance is in response to renewed interest in alternate design/alternate bidding (ADAB) by state departments of transportation. Although FHWA has not been actively encouraging the use of ADAB, it has been allowing it under a FHWA program called Special Experimental Projects No. 14 – Alternative Contracting (or SEP14).
- There has been some lack of consistency in the guidance provided by FHWA in this regard, since an earlier (1981) FHWA policy statement affirms that alternate bids may be permitted if requested by the contracting agency, although subsequent guidance issued in the nonregulatory supplement of the FHWA Pavement Policy (23 CFR 626) does not encourage their use. Possibly due to this lack of clarity, there has been some inconsistency in the process by which states have tried and implemented ADAB.

Other ACPA Perspectives

ACPA agrees with the FHWA policy guidance, and further, advocates the agencies, contractors, and other stakeholders adopt the views espoused by FHWA in terms of factors that should be evaluated prior to making the determination to use alternate bidding:

- The discount rate must be realistic, i.e., that future agency costs should be discounted to net present value or equivalent uniform annual costs using appropriate (real) discount rate consistent with the White House Office of Management and Budget's Circular A-94.
- That uncertainty with performance life, material costs, construction duration, and future actions should be considered in the determination of total life-cycle cost for each alternative.
- Rehabilitation strategies selected for each equivalent design should accurately reflect current or anticipated owner-agency pavement management practices.

- Subjective factors, such as constructability, type of adjacent pavements, recycling, and conservation of materials should be considered.
- Designs must be equivalent.

ACPA also agrees with the FHWA policy guidance, and further, advocates the agencies, contractors, and other stakeholders adopt the views espoused by FHWA in terms of factors that should be considered once a decision has been made to bid alternate pavement types:

- Alternate pavement type bidding procedures should only be used where the pavement items impacted by the alternate bid are likely to influence the final determination of the lowest responsive bidder for the project.
- Price adjustment clauses should not be used when using alternate bidding procedures. o If quality-based incentives/disincentives are included with alternate bidding procedures, they should provide comparable opportunity for each alternate.
- Owner-agencies should consider approaches that balance materials quantity risk between the alternate pavement types.
- SEP14 approval is needed if using adjustment factors, which should include, at a minimum, anticipated maintenance costs, anticipated rehabilitation costs, and salvage value.
- Approval requirements, established under the FHWA's Pavement Type Selection Policy, published in the Federal Register on November 9, 1981, specifies that the division administrator shall review the analysis and concur in the finding of equivalency, when bidding alternate pavement types, and no adjustment factors are used.

References

1. "Clarification of FHWA Policy for Bidding Alternate Pavement Type on the National Highway System," memorandum from Peter J. Stephanos, Director, Office of Pavement Technology, Federal Highway Administration, dated November 13, 2008.

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Originally published: 9/2013
Updated: 12/2020