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OFFICE OF TRANSPORTATION
SYSTEM MANAGEMENT

TECHNICAL SUMMARY

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PROJECT COST:

\$87,705



One of the case studies developed by researchers included MnDOT's use of an IDIQ contract for culvert maintenance.

Leveraging the Advantages of Indefinite Delivery/Indefinite Quantity Contracts

What Was the Need?

Agencies that implement indefinite delivery/indefinite quantity contracts put contractors on standby to perform unspecified services at a future date. Services typically include multiple small projects that are similar in scope, but difficult to quantify in cost and timing. The Florida Department of Transportation, for example, awards IDIQ contracts for hurricane debris removal in various areas of the state, but activates and pays contractors only when a hurricane necessitates the service. Consequently, IDIQ contracts provide flexibility when needs are uncertain and can expand to meet needs without a contract modification or reprocurement. Typically these contracts are capped at a maximum dollar amount, but MnDOT is only obligated to award the guaranteed minimum amount.

Although the federal government has used IDIQ contracts since the 1980s, only a small portion of state DOTs use them to procure construction services. No standard procedures exist for their use by state DOTs, and federal procedures are not always applicable at the state level. Research was needed to create IDIQ contracting procedures for MnDOT that included identifying best practices from other state transportation agencies and developing recommendations for implementing IDIQ contracting for construction projects.

What Was Our Goal?

The objective of this research was to develop IDIQ contracting implementation guidelines for MnDOT to better use these contracts for cost-effective project delivery.

What Did We Do?

To identify the state of the practice of IDIQ contracting in federal and state agencies and the transportation industry as a whole, researchers conducted a literature review and analyzed several IDIQ solicitation and contract documents from a broad range of public agencies with IDIQ experience. They categorized different approaches to IDIQ contracting and identified trends among agencies, highlighting successful practices applicable to MnDOT contractor procedures and regulations, sources of risk in IDIQ contracting and recommendations for mitigating this risk.

Researchers then selected several IDIQ projects for further analysis through a series of case studies. They interviewed project participants and developed a generic framework containing the essential contractual, technical and financial requirements of an IDIQ project delivery system. Particular attention was paid to capturing lessons learned and successful practices that can be adopted for use in Minnesota. Researchers developed this framework in a manner consistent with the constraints imposed on procurements by the State of Minnesota so that the framework will satisfy state statutes.

Finally, researchers used case study results to develop a preliminary IDIQ guide for Minnesota. Then they solicited feedback on this guide through a survey of potential general contractors, MnDOT staff and surety companies doing business in Minnesota to identify

By expanding its use of IDIQ contracts, MnDOT can accelerate the project delivery period, reduce preconstruction costs and provide scheduling flexibility. Doing so will help MnDOT make the most efficient use of funds to build and maintain Minnesota's transportation infrastructure.

“IDIQ contracts give MnDOT more flexibility and the ability to get to the field quicker for work that we need repeated routinely, such as culvert repairs, overlays and seal coats.”

—Kevin Kosobud,
Project Development
Engineer, MnDOT Office
of Construction and
Innovative Contracting

“IDIQs can help DOTs get better prices for routine services via an economy of scale, for instance, by awarding a contract for a larger number of culvert repairs rather than awarding a single contract for each repair.”

—Doug Gransberg,
Professor, Construction
Engineering, Iowa State
University Institute for
Transportation

Produced by CTC & Associates for:

Minnesota Department
of Transportation
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Projects that MnDOT carries out frequently, such as asphalt mill and overlay, can benefit from the flexibility and speed of IDIQ contracts.

potential concerns and perceived issues. Researchers evaluated possible solutions to these issues to make IDIQ implementation in MnDOT construction projects as smooth as possible. Using survey results, they optimized the IDIQ guide, making MnDOT’s implementation of IDIQ practices more effective.

What Did We Learn?

After identifying IDIQ construction practices in 14 transportation agencies, researchers concluded that while they have their benefits and are preferred by federal agencies, multiple-award IDIQ contracts are less-suited to the procurement methods and limited resources of state DOTs than single-award IDIQ contracts. While a single-award contract is given to a single contractor who then is awarded task orders based on the pricing furnished in the initial bid package, multiple-award contracts determine a pool of qualified contractors who may subsequently bid on task orders.

Case study analyses showed some clear benefits to IDIQ contracting practices. Interviewees said that IDIQ contracts accelerate the project delivery period, reduce preconstruction costs and provide flexible delivery scheduling. Multiple-award IDIQ contracts also promote price competition and reduce the risk of contractor default.

Despite these benefits, there is still not a clear trend related to IDIQ contracting practices among transportation agencies. It seems that some agencies are trying to develop their own terminology, provisions and processes, generating a wide variety of IDIQ contracting techniques.

The [Indefinite Delivery/Indefinite Quantity Implementation Guide](#) developed in this project includes guidance on IDIQ project selection, preconstruction activities and solicitation as well as detailed guidance on structuring contracts.

What’s Next?

Using the guide developed in this project, MnDOT began awarding IDIQ contracts in April 2013 and is currently evaluating their effectiveness. MnDOT is also participating in [NCHRP Synthesis 20-05 Topic 45-09](#), which is synthesizing information about IDIQ practices at state and federal transportation agencies.

This Technical Summary pertains to Report 2014-31, “Indefinite Delivery/Indefinite Quantity Contracting,” published June 2014. The full report can be accessed at <http://www.lrrb.org/PDF/201431.pdf>. More information about IDIQ at MnDOT can be found at <http://mndot.gov/const/tools/idiq.html>.