



Voluntary Incentive Program (VIP)
PILOT

ACRONYMS & DEFINITIONS

Advertised Net Classification – The amount of prequalification (truncated three places) a contractor has to have available in order to bid as a prime contractor. A contractor's net amount is determined by subtracting their uncompleted work from their overall financial rating.

Advertised Net Classification Required Multiplied by 50 – The maximum bid incentive on the select project, not to exceed \$500,000.00 on any individual contract.

Bid Incentive – the total bid incentive a Contractor has earned based on its training program performance in a particular calendar year that may be used as a bid incentive on their project bid price in the subsequent year.

Calendar Year – January through December

CFR – Code of Federal Regulations

EEO – Equal Employment Opportunity

MDOT – Michigan Department of Transportation

MDOT Prequalified Contractor – One who has received MDOT work classifications to perform on prequalification-required construction projects and maximum contractor amount a vendor may perform for MDOT through a contract or subcontract (at any tier). Construction and service prequalification applications and related information are linked to the MDOT "Doing Business" website at www.michigan.gov/mdot, under the "How To" section.

OBD – Michigan Department of Transportation's Office of Business Development

OJT – Michigan Department of Transportation's On-the-Job Training Program

OJT Allocation – The training slot(s) assigned to a prequalified contractor by OBD based on a contractor's three previous fiscal year average total dollar value of MDOT federal-aid gross receipts.

Performance Year – The year of OJT Program and VIP Pilot performance OBD uses to determine a Contractor's bid incentive for use in the following calendar year.

Select Projects – Projects selected by MDOT that allows the contractor to use its earned bid incentive on the project bid price.

VIP – Voluntary Incentive Program

VIP Employer – A Contractor who has met the requirements of MDOT's OJT Program and VIP Pilot and as a result has earned a bid incentive.

VOLUNTARY INCENTIVE PROGRAM PILOT OBJECTIVE

As an extension of MDOT's current OJT Program, MDOT's VIP Pilot will offer equal opportunity for the training and upgrading of minorities, women, and disadvantaged persons toward journey-level status in the highway construction trades in accordance with 23 CFR 230, Appendix B to Subpart A.

It is also the objective of the program to employ individuals in highway construction.

PROGRAM PILOT SUMMARY

MDOT's OJT Program Manual can be obtained at www.michigan.gov/OJT.

The VIP Pilot is voluntary and is available to all MDOT Prequalified Contractors. The VIP Pilot will be administered by OBD.

This VIP Pilot will be piloted starting calendar year 2017, where the Contractor's performance in calendar year 2017 will determine the bid incentive earned and applicable to select projects in the 2018 calendar year and will be administered in the same manner in subsequent years.

CONTRACTOR ELIGIBILITY

- 1) A Prequalified Contractor who is in compliance with the MDOT OJT Program and is an Equal Employment Contractor, or
- 2) A Prequalified Contractor who is not required to participate in the MDOT OJT Program, but has voluntarily accepted an OJT allocation and is subject to the requirements outlined in the MDOT OJT Program Manual.

VIP EMPLOYER STATUS

VIP Employers would be those contractors who:

- 1) Elect to fill more training slots than those allocated to them for the same calendar year, and
- 2) Has worked all OJT Program and VIP Pilot trainees the minimum required 800 hours toward completion of their training program per calendar year.

A Contractor who is considered a VIP Employer has earned a bid incentive that can be applied to select projects the following calendar year. A Contractor who has earned a bid incentive through the VIP Pilot is considered a VIP Employer. Respectively, a Contractor who is a VIP Employer has earned a bid incentive.

OBD will determine a Contractor's bid incentive at the end of each calendar year based on the Contractor's OJT Program and VIP Pilot performance in that same calendar year.

TRAINEE ELIGIBILITY

As an extension of MDOT's OJT Program, the VIP Pilot is designed to be used by contractors for increase the participation of minorities, women, and disadvantaged persons in the construction skilled trades on MDOT federal-aid construction projects. The VIP Pilot is not intended, and will not be used, to discriminate against any applicant for training. Trainees must meet 23 CFR 230 Appendix B requirements.

Eligibility Requirements for Trainees:

- 1) No employee will be employed as a trainee in any classification in which he/she has successfully completed a training course leading to journey level, or in which he/she has been employed at journey level. The person cannot have experience in the training program in which he/she is to be placed.
- 2) No person shall be employed as a trainee if he/she possesses a degree in a construction-related field, is enrolled in school, on break or leave from school, or registered to start classes. If the prospective trainee has a college degree in a non-construction-related field, their eligibility will be determined on a case-by-case basis.
- 3) No person within the second degree of consanguinity to an owner or officer of the Contractor is eligible for participation in the training program.

A trainee with VIP Pilot experience is not disqualified from being a trainee in the current MDOT OJT Program so long as the eligibility requirements are met.

VIP EMPLOYER BID INCENTIVE

For every additional training slot a Contractor has above their required OJT allocation(s), they will receive a \$50,000 bid incentive from their bid price, for purposes of determining the lowest responsive bidder for select MDOT federal-aid projects. The maximum total bid incentive capped for each contract will be the advertised net classification required multiplied by 50, not to exceed \$500,000 on any individual contract.

NOTE: The bid incentive defined above will be used solely for determining the lowest responsive bidder. The awarded contractor will be compensated for the work performed according to their bid price and the other terms of the contract relating to measurement and payment.

Bid incentives will be determined by OBD at the end of each calendar year. A Contractor who has earned a bid incentive can apply the incentive to select projects the following calendar year. A Contractor's bid incentive is only valid in the subsequent calendar year and cannot be carried over.

VIP SUBCONTRACTORS

Bid incentives will be allowed for major subcontractors (performing 25% or more of the awarded contract amount). All other subcontractors will not be considered for purposes of the bid analysis. The maximum total bid incentive capped for each contract will be the advertised net classification required multiplied by 50, not to exceed \$500,000 on any individual contract.

VIP PRIME CONTRACTOR JOINT VENTURES

Prime Contractor Joint ventures, if formed, will be allowed to claim the cumulative bid incentives of each joint venture partner without reapplication. The subcontracting provisions stated above will still apply. The maximum total bid incentive capped for each contract will be the advertised net classification required multiplied by 50, not to exceed \$500,000 on any individual contract.

PROJECTS

MDOT projects with VIP Pilot special provision will be selected by the Contract Selection Committee using the following criteria:

- 1) Large enough to have a significant labor demand and multiple work crews;
- 2) Large enough to likely attract potential bidders who already participate in the federal aid OJT program; and
- 3) Are located within the proximity of the population of OJT participants per 23 CFR 230 Appendix B.

CONTRACTOR RESPONSIBILITY

A Contractor who has required OJT allocation(s) will remain in compliance with the MDOT OJT Program.

It is the responsibility of the Contractor to identify VIP training slots to OBD at the time the Contractor submits the Contractor Yearly Training Plan Form (MDOT Form 0181) or the Request for On-the-Job Trainee Approval Form (MDOT Form 0190).

NOTE: Contractor submission of the Contractor Yearly Training Plan and Request for On-the-Job Trainee Approval will be placed in MDOT's OJT Program and not the VIP Pilot unless Contractor identifies VIP placement.

Request for On-the-Job Trainee Approval (VIP FORM) – must be submitted to OBD for approval into the VIP program.

Trainee Monthly Report (VIP FORM) – reflects the number of training hours acquired by the trainee for a given month. Trainee Monthly Reports are due to OBD by the 20th of the month following the report month. For example, June monthly report is due no later than July 20. Hours submitted to OBD after Dec. 20 of each calendar year will not be used in determining a Contractor's potential VIP Status and bid incentive.

Hours – Voluntary and OJT allocation(s) will meet the minimum required 800 hours for each training slot per calendar year. In instances with vacant VIP slots due to factors beyond the Contractor's control, OBD may take into consideration the hours acquired by the trainee who previously filled the training slot.

TRAINING SLOTS

A voluntary training slot remains voluntary and will not become a Contractor's OJT allocation.

NOTE: Should a Contractor's OJT allocation become vacant, a Contractor may place a trainee in a VIP slot into the vacant OJT slot to remain in compliance with the OJT Program. A VIP trainee's transition into the OJT Program may include the training hours completed by the trainee while in the VIP Pilot.

PENALTIES

Failure to comply with the requirements of the OJT VIP Pilot may result in a Contractor's ineligibility to participate in the VIP Pilot.

MICHIGAN
DEPARTMENT OF TRANSPORTATION

SPECIAL PROVISION
FOR
**PREPARATION AND CONSIDERATION OF BIDS ON ON-THE-JOB TRAINING
VOLUNTARY INCENTIVE PROGRAM PROJECTS**

OBD:TDB

1 of 2

APPR:JJG:LFS:02-22-21

The Department will receive and compare bids in accordance with the process described in the standard specifications and this special provision to determine the low Bidder for this project.

Delete subsection 102.03, of the Standard Specifications for Construction, in its entirety and replace it with the following:

The Department will use the estimated quantities in the Schedule of Items and the process described in the Special Provision for Preparation and Consideration of Bids on On-the-Job Training Voluntary Incentive Program Projects to compare bids.

Add the following after the second paragraph in subsection 102.05, of the Standard Specifications for Construction:

To be eligible for the On-the-Job Training Voluntary Incentive Program, the Bidder must follow and comply with the requirements in the Department's On-the-Job Training Voluntary Incentive Program guidance document (www.michigan.gov/OJT).

Complete the OJT VIP tab of the AASHTOWare Projects Bids electronic bidding file.

Delete the first paragraph of subsection 102.13, of the Standard Specifications for Construction, in its entirety and replace it with the following:

The maximum On-the-Job Training Voluntary Incentive Program bid incentive on this contract is the advertised net classification required multiplied by \$50, not to exceed \$500,000.00.

To determine the low Bidder, the Department will compare the bids on the basis of the total bid amounts (the sum of lump sum amounts, the products of the estimated quantities and unit prices, and allowable bid incentive(s) from the Department's On-the-Job Training Voluntary Incentive Program). Allowable bid incentive(s) will be applied by the Department after bids are received and will be included in the As-Checked Bid results. For a discrepancy between the calculated total and the total shown in the bid, the Department will use the unit prices entered in the bid and correct the errors found in the calculations.

Add the following after the first paragraph in subsection 102.18.E, of the Standard Specifications for Construction:

Failure to comply with the requirements of the On-the-Job Training Voluntary Incentive Program guidance document or the commitments made in the OJT VIP tab of the

AASHTOWare Projects Bids electronic bidding file may result in the penalties listed in the On-the-Job Training Voluntary Incentive Program guidance document.