

# **Use of Stipends**

## ***Real Experiences and Best Practices from a Panel of Experts***



**January 26, 2011**

**Dr. Doug Gransberg, P.E., DBIA**  
***Iowa State University***



# Maryland State Highway Administration's Approach to Stipend Payments

Presented by:

Lisa B. Choplin

Maryland State Highway Administration

# Maryland's Design-Build History

- Program was initiated in late 1990s
- Twenty-five projects have been completed since 1998
- Four currently under construction
- Projects vary in size from \$1 M - \$40 M
- SHA advertised first mega design-build project – The Intercounty Connector in 2006
- ICC Contracts vary in size between \$50 M to \$500 M
- Three contracts are currently under construction



Maryland Department of Transportation



# Stipend Payments...

- Allowable under 23CFR Part 636
- In response to higher costs in the engineering effort to submit a responsive bid
- Only cover a proportion of the actual cost
- May encourage competition
- Ability to use information presented in the unsuccessful bidder's proposal



Maryland Department of Transportation

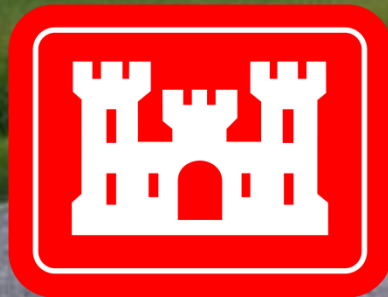


# Stipend Payment Evolution

- First two design-build projects did not include stipends.
- Between 1999 – 2005, SHA paid \$25,000 flat stipend payment.
- Since 2005, SHA has based stipend payment on approximately 0.18% of construction value.
- Value may vary depending upon complexity of the project.



**Paul Parsonneault, P.E.**  
***U.S. Army Corps of Engineers***



# Policy

- Authority to use Stipends in place since May 2005
- Applies only to design build, two step procurements, Military Construction Programs
- Defined as a payment to unsuccessful offerors in design-build construction procurements



# Justification

- Legal justification for payment of stipends is to promote or maintain a reasonable level of competition to ensure price competition and program success



# Process

- The decision to pay a stipend is made early in the project's acquisition cycle by the PDT
- Approval is obtained at HDQTRS from the project's P&D funds manager
- Amounts of stipends vary, they are at the discretion of the PDT



# Outcome

- Expected outcome is to significantly enhance the quality of competitive proposals
- Paid to unsuccessful phase 2 offerors



# **Pat Burns, P.E. (BGen, USAF Ret.)** ***Mortenson Construction***



**Mortenson**  
construction

*Building what's next.*

# ***Stipends in Design Build Project Proposals***

**If The Answer is “Yes” to These 3 Questions, Then Stipends Will Benefit the Federal Owner:**

- 1. Do you want the best possible contractors participating and proposing?**
- 2. Do you want the best possible proposals to be submitted?**
- 3. Do you want an easier process of evaluating the proposals and awarding the project?**



***Panel Discussion***  
**+**  
***Questions from Audience***



***Don't forget to register for DBIA educational courses in the Region – At least 1 offering a month this year!***