

# **GUIDELINES**

**FOR THE PREPARATION OF**

**PRICED PROPOSALS**

**MICHIGAN DEPARTMENT OF TRANSPORTATION**

**Operations Contract Support Area**

**July 2004**

## I. GENERAL INFORMATION

**I-1. PURPOSE:** This guideline package includes instructions and forms for use by MDOT engineering consultants (including universities or others) in their preparation of priced proposals. This guideline package is to be used for all contracts for services coordinated by Operations Contract Support.

**I-2. PROCESS:** The priced proposal will be compared to the project manager's prior estimate. The department may accept the priced proposal if it is within reasonable range of the estimate. The department may also negotiate with the consultant as needed. However, for design engineering and full construction engineering services, the priced proposal will not be accepted without Region Engineer approval if the cost of the proposal exceeds 12 percent of the current estimated construction costs (the latest construction cost is used, whether it is the engineer's estimate or the actual low bid). In the event that the negotiations are not successful, MDOT may initiate negotiations with the next most qualified consultant firm. MDOT will not pay for any information solicited or obtained as a result of a request for proposal.

**I-3. ACCEPTANCE OF PROPOSAL:** Upon preliminary acceptance of the priced proposal, it will be submitted to the Office of Commission Audits (OCA), Attorney General (AG) and State Administrative Board for approval as needed. After acceptance, the department may enter into a contract with the consultant.

**I-4. ACCEPTANCE OF CONTRACT:** Department standard contract language is non-negotiable. Submission of a letter of interest or a priced proposal is considered acceptance of this standard contract and all of its terms and conditions.

**I-5. INCURRING COSTS:** Work must not begin prior to execution of an authorization or contract. Any costs incurred prior to the execution of a contract or authorization or after the expiration date of the contract or authorization shall be the responsibility of the consultant and will not be reimbursed.

**I-6. INQUIRIES:** Questions regarding this priced proposal may be made in writing, by telephone or by fax to the MDOT project manager.

**I-7. CONTRACT PAYMENT SCHEDULE:** Payment on any contract for services will be made based on the monthly billing statement and progress report. MDOT will withhold from each payment zero percent (0%) to five percent (5%) of the requested payment for retainage. See guidelines for submittal of invoices, found in *invguide.pdf*, located on the MDOT bbs under the OCSCONS library.

**I-8. NEWS RELEASES:** News releases pertaining to this project will not be made without prior approval of the MDOT project manager.

**I-9. DBE PARTICIPATION:** The MDOT department wide DBE goal will be achieved through race neutral, good faith efforts, unless otherwise specified in selection documents related to an individual service or contract.

**I-10. PROPOSAL DUE DATE:** Send two unbound copies of the priced proposal to the MDOT project manager. **This copy shall include the nine parts of the priced proposal describe below.** See Section III for additional information required for selections not requiring a LOI. Missing documentation may delay the approval of the priced proposal. The project manager will forward an approved copy of the priced proposal to Operations Contract Support. The due date for the priced proposal is specified by the MDOT project manager, verbally or in writing, depending on the schedule of needed services.

**I-11. OVERTIME:** MDOT practice is to hire consultants that have sufficient staffing capabilities to complete a service or contract by the required due date without the use of overtime. Recognizing that some activities may be performed more efficiently by working longer than standard hours, due to weather or travel considerations, MDOT will approve schedules with such extra work hours when adequate justification is provided. Any extended work hours must be approved prior to the start of the service or contract.

If a consultant believes that it is in the best interest of a service or contract to schedule work on extended work days and/or weeks, and include hours at an overtime rate, this situation must be included in the letter of interest or the technical un-priced proposal, if applicable, and the priced proposal. This may be an issue to resolve during the pre-service negotiations.

Once a service or contract is started, hours scheduled to be worked at the regular wage rates may not be changed to hours at overtime rates without prior written approval from the MDOT project manager.

**I-12. JOB NUMBERS:** MDOT allocates funds and records expenses by job number. The job number is a six digit alpha-numeric identifier. A difference in any digit, including the alpha digit, represents a unique job and must be controlled separately. A five digit job number with a blank alpha is also a unique job number used for the early preliminary engineering phase.

The priced proposal must include a separate page for each job number. Subsequent billings on this project shall be for costs incurred against each unique job number.

**I-13. ADMINISTRATIVE TIME:** MDOT practice is to assure that consultant personnel charging hours have direct responsibility for providing the service. MDOT may deny specific personnel from charging hours. This may include administrative charges of principals.

**I-14. LOW BID SUBCONSULTANTS:** When a prime chooses to use a sub consultant to provide non-engineering services, the prime must show that the sub consultant selection was based on low bids.

**I-15. LUMP SUM:** If it is determined that the service or contract will be paid on a lump sum basis, a derivation of cost breakdown must still be provided.

## II. INSTRUCTIONS

The priced proposal shall be divided into 9 parts as follows:

	Exhibits
1. Organization of Personnel for this Service	
2. Derivation of Cost - Prime Consultant	A
3. Derivation of Cost - Sub-consultant(s)	B
4. Summary by Job Number & Category	C
5. Summary by Category for all Job Numbers	D
6. Summary by Consultant	E
7. Person-Hours by Task	F and H
8. QA/QC cost by submittal	G
9. Cover letter	

### II-1. ORGANIZATION OF PERSONNEL FOR THIS SERVICE

Provide an organization chart of your proposed team. The team is comprised of the prime consultant and the sub consultant(s). This might be repeating information already provided in the letter of interest, if applicable, but it must be included with the derivation of cost. A work classification alone is not sufficient information unless it represents administrative office support not covered in your overhead (secretary, accountant, etc). This organization chart should indicate the names of the key people, their roles in this service or contract, the name of the firm that they are employed with and the lines of communication and project management. The project manager should be clearly identified on this chart. For purposes of this chart, the project manager is the person responsible for, and in charge of, the service or contract on a day to day basis. The chart should also indicate the selected consultant's contractual and technical (road, bridge, survey, etc) points of contact with MDOT's project manager. Include postal address, telephone number, fax number, and E-mail address for each point of contact.

Please note that any person listed in this proposal as demonstrating the qualifications of your project team will be considered as having their services offered to MDOT. MDOT will expect that these same people perform the project work. Key personnel **may not** be replaced without the prior written approval of the MDOT project manager.

### II-2. DERIVATION OF COST - PRIME CONSULTANT

*Exhibit A* is a sample layout for the prime consultant's proposed costs for one job number. These costs are divided into direct labor, overhead, facilities cost of capital, direct costs, fixed fee, and conclude with a total proposed cost for the job number. For projects with multiple job numbers, submit a separate sheet for every job number on which the prime consultant will incur costs.

*Note: The MDOT Office of Commissions Audits (OCA) should be notified whenever labor or overhead rates change. Submit revised rates via facsimile to OCA @ (517) 335-2277. Priced proposals utilizing higher rates than currently on file with OCA will not be accepted.*

Direct Labor: Indicate each employee by name and labor classification, the hours for that employee/classification, the related hourly rate for that classification and the dollar total for that classification. The employees/classifications listed here must match those on the organization chart. You **must** indicate any overtime hours anticipated at this time. Overtime can not be reimbursed as part of the contract or authorization unless it had been included and approved in the original priced proposal. If after the contract or authorization is executed, it is determined to be needed, it must be approved by the project manager and added by an authorized amendment. At the bottom of the direct labor portion of the sheet, indicate the total hours and dollars for direct labor.

Overhead: Indicate the overhead rate being applied against direct labor. At the right, indicate the total overhead in dollars that results from the multiplication of the rate times the direct labor cost shown on this page.

Facilities Cost of Capital (FCC): Indicate the FCC rate being applied against direct labor. At the right, indicate the total FCC in dollars that results from the multiplication of the rate times the direct labor cost shown on this page.

Direct Expenses: List the direct expenses with a brief description and purchase price for the item. Any line item over \$2,000.00 must have a breakdown describing how the cost was determined. Indicate the total of these direct expenses at the bottom right of this portion of the sheet. NOTE: MDOT will not reimburse for the cost of cellular phones.

If direct expenses exceed 40 percent of the contract or authorization total, MDOT may request verification from the consultant that the lowest price is being received. This may mean the direct expense must be low bid.

Travel and subsistence expenses reimbursed to employees may be submitted as direct expenses by firms whose normal accounting practices include paying personal travel expenses to their employees. For firms that do not normally pay for travel and subsistence expenses, the cost of travel on an MDOT contract or authorization is included in the payment of the firm=s overhead. **In all cases**, the payment for travel and subsistence will be the actual costs reimbursed to the consultant=s employees in accordance with and not to exceed the amount set forth in the current State Of Michigan Standardized Travel Regulations and Department procedures. These regulations require the employee to determine where they will be traveling from. If the mileage in the priced proposal seems excessive, more details will be requested.

Rentals of consultant's equipment and automobiles are not considered reimbursement of travel and subsistence (and therefore, not limited by travel regulations) and must be shown as a separate expense and approved for the rate determined by the firm=s accounting practices.

Sub consultant expenses paid by a method other than actual cost may be reported as a direct expense. See Sub consultant section for requirements.

Fixed Fee: The fixed fee percentage for all projects is 11%. This fee is to be applied against direct labor and overhead only, not against direct expenses or FCC. The fixed fee percentage may not exceed the percentage approved by MDOT. MDOT determines an appropriate fixed fee percentage for the project based on several factors. At the right, indicate the total of this calculation.

Total: At the bottom of the page, indicate the sum of the direct labor, overhead, FCC, direct expenses and fixed fee as calculated on this page.

### **II-3. DERIVATION OF COST - SUB CONSULTANT(S)**

Exhibit B is a sample layout for the sub consultants' proposed costs for one job number. A separate derivation of cost must be submitted for each sub consultant in the same manner as described above for the prime consultant. For projects with multiple job numbers, submit a separate sheet for every job number on which a sub consultant will incur costs.

### **II-4. SUMMARY BY JOB NUMBER & CATEGORY**

Exhibit C is to be completed for each job number. The costs shown on this form are summarized by category as follows: direct labor, overhead, facilities cost of capital, direct costs, and fixed fee. For the direct labor category, enter the proposed hours in addition to the cost of those hours. Within each of these categories, enter the costs to be incurred for the prime and each sub-consultant. Provide a total for each category and a total of all categories.

### **II-5. SUMMARY BY CATEGORY FOR ALL JOB NUMBERS**

Exhibit D summarizes all costs for all jobs for the service or contract. The data to be entered on this form is the same as on Exhibit C except this form combines the costs for all job numbers. In the event that there is only one job number, submit one copy of Exhibit C and do not submit Exhibit D.

### **II-6. SUMMARY BY CONSULTANT**

Exhibit E is a sample layout for the summary of proposed costs. Provide the total hours, total cost, including fixed fee and percent of work in dollars for each consultant. Additionally, indicate whether or not each firm is certified by MDOT as a DBE.

When a DBE percentage is designated for the service or contract, the "Summary by Consultant" form must indicate this participation by total dollar value of work. To be considered a DBE, a firm must be certified as such by the MDOT Office of Equal Opportunity.

### **I-7. PERSON-HOURS BY TASK**

#### **PERSON-HOURS BY PPMS TASK:**

Exhibit F is a sample format for the submittal of P/PMS information to be included with the priced proposal, if required for the service or contract, as specified in the scope of services. As shown in this exhibit, provide a schedule of hours by job classification for each task. Within each task provide the proposed hours for each firm by job classification and the total hours for that task. The use of a landscape page layout or fold-out pages is acceptable. Enter the P/PMS task numbers/activity in the left column and hours by labor classification for that task in the columns immediately to the right. Enter the total hours for each task in the far right column. As shown at the bottom of Exhibit F, in the summary at the end of this format, enter the subtotal of hours for each firm by job classification, subtotal of hours for all tasks for each firm, the percentage of hours for the firm and the grand total of the hours for all firms on the project team.

The P/PMS tasks that MDOT expects to have activity on can be obtained from the scope of services. For questions related to this list, contact the MDOT project manager. For information on P/PMS, please refer to the MDOT Program/Project Management System Task Manual, file name **TASK MAN.PDF**, located on the PPMS library of the MDOT bbs; or contact the P/PMS Technician/Resource Specialist at (517) 373-4614.

### **PERSON-HOURS BY CONSTRUCTION ENGINEERING TASK:**

Construction Engineering Services - *Exhibit H* is a sample format that may be used to report the person and the number of hours allocated to each of the following tasks, if applicable, based on the scope of services:

- a. Testing
- b. Inspection
- c. Office Work/Documentation
- d. Surveys
- e. Supervision

### **PERSON-HOURS BY GEOENVIRONMENTAL SERVICES TASK:**

Geoenvironmental Services - *Exhibit H* is a sample format that may be used to report the person and the number of hours allocated to each of the following tasks, if applicable, based on the scope of services:

- a. Investigation Work
- b. Health and Safety Plan Activities
- c. Site Investigation Report
- d. Feasibility Study
- e. Remedial Action Plan (RAP)
- f. Traffic Control
- g. Pilot Test
- h. Remediation System Construction
- i. Permits
- j. O & M of Remediation System
- k. Verification of Remediation
- l. Closure Report
- m. Site Restoration

### **II-8. QUALITY ASSURANCE/QUALITY CONTROL**

The hours and the associated costs for QA/QC will be shown separately for each required service or contract submittal which appears on this following list (note that all may not apply to one specific service or contract):

Preliminary Environmental Impact Statement, Final Environmental Impact Statement, Feasibility Study Report, Final Engineering Report, Final Survey (Road, Bridge, Hydraulics, Photogrammetry, Ground Control, Geodetic or Right of Way Survey), Base Plans (Road), Study Plans (Bridge), Preliminary Right of Way Plans, the Plan Review, Final Right of Way Plans, Errors & Omission Check Meeting or Final Plans.

Consultants are encouraged to submit hours and associated costs for QA/QC for

Construction Engineering services. It must be included if requested by the Project Manager.

The hours and cost associated with the QA/QC should be 5 to 15 percent (acceptable range) of the corresponding task cost. The distribution of hours should be spread fairly evenly throughout the project (build in quality at each stage). It will be at the MDOT project manager's discretion to approve costs or hours which are outside of the recommended percentages after reviewing written justification by the consultant.

The fixed fee amount associated with each QA/QC task must be calculated for each task.

The schedule of hours committed to QA/QC by submittal should be submitted using the format shown in Exhibit G. Note: on lump sum services or contracts, the QA/QC for each lump sum payment must be shown separately.

## **II-9 COVER LETTER**

### **ALL PARTIES**

A signed cover letter on company letterhead is required from each firm participating in the service. This includes the prime consultant submitting the priced proposal plus all sub consultants with a derivation of cost sheet as part of the priced proposal.

### **FEDERAL IDENTIFICATION NUMBER – Prime Only**

The cover letter from the prime consultant submitting the proposal must include the firm's Federal I.D. number.

### **AUTHORIZATION OF SIGNATURE**

Be sure the person providing a signature on the cover letter is authorized to negotiate contracts for the firm. The priced proposal is a binding document and no further signatures from the firm will be required if an authorization is written. In the event that this proposal is for a regular contract, you will be asked to provide a written verification that the person signing the contract is authorized to do so. If this will require a meeting of the Board of Directors or the partners of your firm, you should begin making the necessary arrangements so the contract will not be delayed.

## **III. ADDITIONAL INFORMATION**

The following information must be submitted with the documents outlined in Section II, Instructions, if not already submitted under the Letters of Interest process. This same information must be resubmitted if there are any changes since submitting the LOI. A separate captioned section must be provided for each of the following four sections although several of these sections will be on the same page. Pages are to be numbered sequentially. In the event that the consultant includes sub consultants as a part of its project team, all information that is required of the prime consultant must be provided for each sub consultant. This information on the sub consultants should be included within those same sections with the information on the prime consultant.

### **III-1. UNDERSTANDING OF PROJECT**

#### **WORK PLAN**

Describe your work plan for the project and the services you intend to provide. This information is

to be based on the scope of services.

In a clearly identifiable manner, you may also include any work item that you believe should be added to the scope of services, or any work item that is in the current scope of services which you believe should be altered. Describe the benefit to the project, the increase/decrease in hours and the increase/decrease to the cost of construction due to the revision to this work item.

**LOCATION (Prime & Subs)**

Provide the location of the office(s) where the project work will be managed/coordinated. If the work will be performed at a different location(s), provide this information.

Limit two (2) pages for both parts of this section.

**III-2. SCHEDULE**

Provide an 8.5"x 11" size Gantt chart of the proposed implementation schedule, designating decision points, and the total elapsed time necessary to accomplish the project by tasks (P/PMS if applicable) based on the scope of services. For each task on the Gantt chart include the start date and the end date. The start date must not be prior to the authorization effective date. It may be necessary for MDOT to request a revised Gantt chart if there are delays in processing an authorization.

**III-3 AUTHORIZED NEGOTIATORS**

Include the names and phone numbers of the personnel authorized to negotiate the proposed costs with the MDOT project manager.

**III-4. OTHER INTERESTS DISCLOSURE STATEMENT**

Submit a separate document that describes any other interests or connections that the prime or sub consultants have had or will have with this service. This would include any activity, contract or business relationship that any of the firms on the project team have with any city, township, village, county, company, governmental agency, steering committee or selection team, any of which are related to this project

Or

Submit a statement for each firm (prime or sub) attesting to that fact that said firm does not have any past or current interest or connection with this project.

NOTE: MDOT considers it a conflict of interest for a consultant to represent more than one party in relation to any given project regardless of which phases of the project are involved. Conflict of interest includes a proposal for a consultant to perform services for MDOT and the construction contractor on the same project.

There is no page limit to this portion of this section. All relevant interests must be disclosed.



<b>DERIVATION OF COST PROPOSAL</b>	
CONTROL SECT. - JOB NUMBER	PROJECT DESCRIPTION:
<b>CONSULTANT NAME</b>	
(Submit separate pages for each sub-consultant and each Job Number including phases A & C )	

**DIRECT LABOR:**

<u>Classification</u>	<u>Person Hours</u>	x	<u>Hourly Rate</u>	=	<u>Labor Costs</u>
Total Hours	_____		Total Labor		\$

**OVERHEAD:**

(Total Labor) x \_\_\_\_\_% = Total Overhead \$

**FACILITIES COST OF CAPITAL:**

(Total Labor) x \_\_\_\_\_% = Total F.C.C. \$

**DIRECT EXPENSES:**

(Listed by Item at Actual Cost to you - NO MARKUP)

Total Direct Costs \$

**SUBCONSULTANT FEES**

Total Sub consultant Cost \$

(\*Sub consultants also prepare this form)

**FIXED FEE:**

(Total Labor + Total Overhead) x \_\_\_\_\_% = Total Fixed Fee \$

**TOTAL COSTS \$**

**DERIVATION OF COST**

Job # \_\_\_\_\_

**SUMMARY BY JOB NUMBER AND BY CATEGORY**

(This summary by job number includes all costs shown on the Prime and Sub-consultant sheets)

**DIRECT LABOR**

PRIME CONSULTANT(S) Direct Labor Hours \_\_\_\_\_ Direct Labor Costs \$ \_\_\_\_\_

SUB-CONSULTANTS Direct Labor Hours \_\_\_\_\_ Direct Labor Costs \$ \_\_\_\_\_  
 (Identify Sub-Consultants, one line for each)

Total Direct Labor

**OVERHEAD**

PRIME CONSULTANT Overhead Costs \$ \_\_\_\_\_

SUBCONSULTANT(S) Overhead Costs \$ \_\_\_\_\_  
 (Identify Sub-Consultants, one line for each)

Total Overhead \$ \_\_\_\_\_

**FACILITIES COST OF CAPITAL**

PRIME CONSULTANT F.C.C. Costs \$ \_\_\_\_\_

SUB-CONSULTANT(S) F.C.C. Costs \$ \_\_\_\_\_  
 Identify Sub-Consultants, one line for each)

Total F.C.C. \$ \_\_\_\_\_

**DIRECT EXPENSES**

PRIME CONSULTANT Direct Costs \$ \_\_\_\_\_

SUB-CONSULTANT(S) Direct Costs \$ \_\_\_\_\_  
 (Identify Sub-Consultants, one line for each)

Total Direct Costs \$ \_\_\_\_\_

**FIXED FEE**

PRIME CONSULTANT Fixed Fee Costs \$ \_\_\_\_\_

SUB-CONSULTANT(S) Fixed Fee Costs \$ \_\_\_\_\_  
 (Identify Sub-Consultants, one line for each)

Total Fixed Fees \$ \_\_\_\_\_

TOTAL COSTS FOR THIS JOB \$ \_\_\_\_\_

**DERIVATION OF COST**

**SUMMARY BY CATEGORY FOR ALL JOB NUMBERS**

(This summary includes all costs for all job numbers shown on the Prime and Sub-Consultant sheets)

**DIRECT LABOR**

PRIME CONSULTANT(S)	Direct Labor Hours	_____	Direct Labor Costs	\$	_____
SUB-CONSULTANTS					
(Identify Sub-Consultants, one line for each)	Direct Labor Hours	_____	Direct Labor Costs	\$	_____
			Total Direct Labor	\$	_____

**FACILITIES COST OF CAPITAL**

PRIME CONSULTANT	F.C.C. Costs	\$	_____
SUB-CONSULTANT(S)	F.C.C. Costs	\$	_____
(Identify Sub-Consultants, one line for each)			
	Total F.C.C.	\$	_____

**OVERHEAD**

PRIME CONSULTANT	Overhead Costs	\$	_____
SUB-CONSULTANT(S)	Overhead Costs	\$	_____
(Identify Sub-Consultants, one line for each)			
	Total Overhead	\$	_____

**DIRECT EXPENSES**

PRIME CONSULTANT	Direct Costs	\$	_____
SUB-CONSULTANT(S)	Direct Costs	\$	_____
(Identify Sub-Consultants, one line for each)			
	Total Costs	\$	_____

**FIXED FEE**

PRIME CONSULTANT	Fixed Fee Costs	\$	_____
SUB-CONSULTANT(S)	Fixed Fee Costs	\$	_____
(Identify Sub-Consultants, one line for each)			
	Total Fixed Fees	\$	_____

TOTAL COSTS FOR ALL JOBS \$ \_\_\_\_\_

**DERIVATION OF COST**

**SUMMARY BY CONSULTANT**

	Design Hours	Design Cost	Fixed Fee	DBE Y/N	% of Cost
PRIME CONSULTANT					
SUB-CONSULTANT(S)					
(Identify Sub-Consultants - one line for each)					
Total		\$	\$		100%

# Proposed Person Hours by PPMS Task

NAME OF PRIME CONSULTANT	DATE

CONTROL SECTION	MDOT JOB NUMBER	PROJECT DESCRIPTION

			Description of Job Classifications					
Task Number	PPMS Task Description	Firm	Proj. Mgr.	Prof. Surv	Qa/qc eng.	Draf. Tech	Total by Task	
3330	Conduct Design Survey	SCD LNX RTS	(1) <b>14</b> 12 2	<b>120</b> 100 15 5	<b>20</b> 20	<b>40</b> 8 32	<b>194</b> 140 47 7	
3360	Prepare Base Plans	SCD LNX RTS	<b>80</b> 80	<b>4</b> 4	<b>16</b> 16	<b>120</b> 40 40 40	<b>220</b> 136 44 40	
<b>Total Hours by Classification</b>			94	124	36	160	414	

**Summary of Hours by Firms and by Job Classification** (2)

							Percent
South Central Design	SCD	92	100	36	48	276	66.7%
.....	LNX	0	19	0	72	91	22.0%
.....	RTS	2	5	0	40	47	11.4%
<b>Total Hours by Classification</b>		94	124	36	160	414	

(1) Within each PPMS task, enter the total hours for the job classification on the first line in bold. On succeeding lines, within the PPMS task, enter the hours for each firm for each job classification.  
 (2) Enter the percent of hours for each firm.

**Exhibit G**

**Proposed QA/QC Costs by Submittal**

Project Description
Control Section & Job Number
Consultant Name

(1) Project Deliverable:				
(2) Name	(3) Title	(4) Hours	(5) Rate	(6) Total

(8) Percent of task	%	(7) Labor sub-total	
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(1) Project Deliverable:				
(2) Name	(3) Title	(4) Hours	(5) Rate	(6) Total

(8) Percent of task	%	(7) Labor sub-total	
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(1) Project Deliverable:				
(2) Name	(3) Title	(4) Hours	(5) Rate	(6) Total

(8) Percent of task	%	(7) Labor sub-total	
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		(9) Total Direct Labor	
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(10) Overhead rate	%	(11) Overhead	\$
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(12) Fixed Fee %	%	(13) Fixed Fee Amount	\$
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(14) Facilities cost of capital rate	%	(15) FCC	\$
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		(16) Grand Total	
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## *Exhibit G Information*

*MDOT requires that QA/QC costs be listed as a separate item in priced proposals. The QA/QC cost will still be related to a specific task. However, the cost for QA/QC will be identified as a portion of the cost (no direct costs would be considered). If the QA/QC is determined to not have been done properly (or not done at all), the consultant's payment will be reduced by the portion of the costs set aside for QA/QC for that submittal.*

*MDOT will enforce the language from our scope of services to hold the consultants responsible for including a letter from the lead QA/QC person with each submittal. This letter should be on company letterhead and state AI \_\_\_\_\_ certify as the lead QA/QC person in responsible charge on this contract that I have thoroughly reviewed the project and any corrections identified have been completed. If the submittal does not contain this statement, the submittal will be subject to a reduction in the QA/QC costs for the submittal at the MDOT Project Manager's discretion (if the statement is received within a day the Project Manager may waive the reduction).*

*The QA/QC costs may be deducted from the overall project cost during the course of the project. The Project Manager will determine the portion of the costs associated with QA/QC which should be deducted on a submission basis (the range of this deduction may be from 0 - 100%). The deduction for each submittal will be determined independently from the previous submissions and therefore the percentage on each submission may vary. The total contract or authorization will be reduced by the cumulative amount of deductions.*

### *APPEAL PROCESS:*

*No formal appeal process will be instituted at this time for QA/QC deductions which total less than \$25,000 per project or 15% of the total QA/QC costs. The consultant will be given the opportunity to review any reduction in costs with the MDOT Project Manager once they receive the notice of a deduction for QA/QC on the submittal. In addition, the MDOT Project Manager's supervisor may be asked to review the percentage withholding if the consultant can provide further information as to why the submittal was turned in without the proper QA/QC. The final decision on the deduction amount shall be reached by consensus of the two people (Project Manager and their Supervisor). Non performance of the QA/QC due to insufficient time will not be considered as an excuse for being paid for a task that has not been performed (changes requested by MDOT within a few days of a submittal may not be incorporated if time does not permit). If significant changes occur late in the project, the Project Manager will note on the QA/QC form that the late changes influenced the condition of the submittal and therefore the Project Manager is not holding the consultant responsible.*

*If the total amount of deductions for QA/QC exceeds \$25,000 per project or 15% of the total QA/QC costs, the consultant will have an opportunity to appeal the deductions to the MDOT project manager's Region Engineer or Support Area Engineer.*

## **Instructions for Completing Exhibit G [Proposed QA/QC Costs by Submittal]**

The Exhibit G form is to be used to submit information on the commitment of resources to QA/QC. At the top of the page enter the project description beginning with the name of the corridor. Next enter the MDOT control section and job number. Enter the following information in the boxes as numbered. In the sample form shown above, the repeating pattern of boxes one through eight will be referred to as a section@. Although this sample form only has sections for three project deliverables, this part of the priced proposal must include a section for each project deliverable that will occur on the project, as specified in the scope of services or by the MDOT project manager.

### **Description of the Information to be Entered:**

Enter the following information in the boxes with the same number above. Boxes one through eight will be repeated for each project deliverable that will occur on the project.

1. The name of the project deliverable from the list above.
2. The name(s) of the staff that will perform QA/QC on that project deliverable.
3. The title of the person listed in the box to the immediate left.
4. The hours related to QA/QC to be worked by each person for each project deliverable.
5. The hourly pay rate to be charged for each person.
6. The direct labor sub-total for each person working in QA/QC for the project deliverable [hours times pay rate].
7. The sum of the direct labor for QA/QC on the project deliverable.
8. QA/QC as a percent of all charges to the project deliverable. [divide the labor sub-total, box 7 by the total of all direct labor charges to the project deliverable].
9. Total direct labor for QA/QC for the project [sum of the labor sub-totals in box 7 for each project deliverable].
10. Current overhead rate as accepted by MDOT.
11. Overhead for QA/QC activities [total direct labor in box 9 multiplied by the overhead rate in box 10].
12. Fixed fee percentage is 11%.
13. Fixed fee percentage applied to total QA/QC direct labor and overhead [add total direct labor amount from box 9 to overhead amount from box 11. Multiply by the 11% fixed fee and enter amount in box 13].
14. Current facilities cost of capital (FCC) rate as accepted by MDOT.
15. FCC for QA/QC activities [total direct labor in box 9 multiplied by the FCC rate in box 14].
16. Grand total [sum of boxes 9, 11, 13 and 15].

ESTIMATED PERSON HOURS PER TASK									
Funds:		Control Section:		Job No.:		Description:			
Task	Team Leader			Engineer/ Inspector	Tech	Admin. Support			Total
<b>Totals</b>									