

Consultant Advisory

2018-2

January 12, 2018

MDOT Contract Services Updates (1 of 4)

Several updates to MDOT's processes are planned as part of our efforts to continually improve our services to our customers. Following is a summary of the proposed updates that **will take effect on January 29, 2018**:

Contracting

A Terms and Conditions document, with project-specific contracts will become the primary contracting tool for MDOT, replacing the current Indefinite Delivery of Services (IDS) contracts, and associated IDS Contract Authorizations. All existing IDS contracts and authorizations will remain in effect through the life of the contract. However, with the new process, MDOT will be utilizing stand-alone contracts which will reference the most current Terms and Conditions document. The consultant/vendor will digitally sign each individual contract which binds the vendor/consultant to all of the provisions within the Terms and Conditions document at the time of contract award.

The Terms and Conditions document will be retained on the MDOT website ([Terms and Conditions](#)) and will be available for consultants/vendors to review at any time. When revisions to the Terms and Conditions are determined necessary, a new version will be developed and included on our website with the version number and date noted. Retroactive modifications to existing contracts will not be made as the result of revisions to the Terms and Conditions document.

The contract document is a very condensed document which identifies, among other things, the specific Terms and Conditions version applicable to the contract, the parties involved with the contract, the type of services being performed under the contract, a description of the services, the method of payment for the services, the subconsultants performing work for the prime consultant, and the term of the contract.

Pursuant to Consultant Advisory [2018-1](#), Contract Services Division (CSD) has fully implemented the use of CoSign as the exclusive software for digitally signing all consultant contracts. This method of signature will be implemented for all contracts executed.

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Selections

The Selection Guidelines for Service Contracts has been updated to include a new Section 2.7 Multi-Vendor As-Needed Selections (Two-Tier Process). This new section describes the requirement for a second-tier selection for as-needed contracts where multiple vendors are included on the initial selection. This second-tier selection is required per 23 CFR 172.9(a)(3)(iv)(B)(2) and will be performed to select the most qualified consultant for each specific task assigned under an as-needed selection. The exceptions to the use of this second-tier selection where the single-tier selection will be maintained are:

- When multiple vendors are selected to perform as-needed inspection, testing, as-needed CE, etc. on construction projects, and unique items of work or areas of work are assigned to each vendor on the advertised RFP.
- When multiple vendors are selected to perform tasks uniquely assigned to each vendor on the same project (i.e. Vendor #1 is assigned Work Zone Maintenance of Traffic, Vendor #2 is assigned Roadway Design).
- The total project value does not exceed \$150,000 and was advertised as an under \$50,000 selection or a Tier I selection.

The specific submittal requirements for the second-tier selection will be detailed within each advertised RFP and may vary by RFP.

Fixed Fee Payment – As-Needed Authorizations

RFP's, for as needed work, posted on or after January 29, 2018, where separate, individual contracts are subsequently authorized for stand alone work, the fixed fee will no longer be prorated. The vendor/consultant will be entitled to the maximum fixed fee as negotiated during scope/fee negotiations, after the work is completed to the satisfaction of MDOT. For example, if a vendor is selected to perform design services for a specific project as part of an original as-needed design services selection, the vendor would be eligible for the full, negotiated fixed fee regardless of the number of hours worked on the project.

Fixed fee will continue to be prorated based upon the percentage of hours worked for as-needed selections where separate, individual contracts are not authorized for stand alone work. For example, if a vendor is selected to perform as-needed inspection and testing services throughout a MDOT Region without specific authorizations for each individual task assignment, the fixed fee payment would continue to be based upon the percentage of the negotiated hours worked on the overall as-needed project.

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Prequalification

The following modifications will be made to the financial prequalification requirements:

- **Audited Indirect Cost Rates**
 - o Added field requesting the proposed indirect rates with an explanation of when each rate will be utilized.
 - o Removed the following requirements:
 - Submittal of the CPA prepared AASHTO Review Program for CPA-Audits of Consulting Engineers' Indirect Cost Rates worksheet
 - Submittal of the most recent Disclosure Statement
 - Submittal of the Key Financial Information Worksheet
 - Reporting of the five subconsultants that performed the most subcontracted work for the company and the total dollar amount contracted per subconsultant
 - Reporting of the five prime consultants that the company performed the most subcontracted work for and the total dollar amount subcontracted per prime consultant
- **Compiled Indirect Cost Rates**
 - o Added field requesting the proposed indirect rates with an explanation of when each rate will be utilized.
 - o Removed the following requirements:
 - Submittal of the Key Financial Information Worksheet
 - Submittal of the Company's policies for vacation and sick leave
 - Reporting of the five subconsultants that performed the most subcontracted work for the company and the total dollar amount contracted per subconsultant
 - Reporting of the five prime consultants that the company performed the most subcontracted work for and the total dollar amount subcontracted per prime consultant
 - Requirement to provide written IT system processes.
 - Requirement to provide written copy of company's process to update company policies and procedures to accommodate change in the FAR subpart 31.2 cost principles.
 - Requirement to provide written copy of the process for assessing risks that may result from changes in cost accounting systems or processes.
- **Safe Harbor Rate**
 - o Removed the following requirements:
 - Submittal of the company's policies for vacation and sick leave
 - Reporting of the five subconsultants that performed the most subcontracted work for the company and the total dollar amount contracted per subconsultant
 - Reporting of the five prime consultants that the company performed the most subcontracted work for and the total dollar amount subcontracted per prime consultant
 - Requirement to provide written IT system processes.
 - Requirement to provide written copy of company's process to update company policies and procedures to accommodate change in the FAR subpart 31.2 cost principles.
 - Requirement to provide written copy of the process for assessing risks that may result from changes in cost accounting systems or processes.

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MDOT Contract Services Updates (4 of 4)

Priced Proposal Spreadsheets

The following modifications will be made to the priced proposal spreadsheets:

- Adding worksheet A-3 which will show the original priced proposal value along with each modification amount per JN and per firm
- Modified Form 5108 to denote that the firm certifies the proposed wage rates are true, accurate, and compliant with the guidelines established by 48 CFR 31.201-3.
- Added function to round mileage calculations to eliminate \$0.01 discrepancies within the spreadsheets
- Added macro on the "Info" tab to create a PDF document with the priced proposal documents in the correct order for firms to submit with the priced proposal. Prime firms will still be required to insert signed forms from their subconsultants in the correct location, however this new functionality will provide firms with the correct location for these forms.

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