

# 2010 Annual Northern Region DBE Training Symposium

Michigan Department of Transportation  
Contract Services Division

Construction Prequalification Process:  
How Do you Rate?

Presented by:

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[www.michigan.gov/mdotcontractors](http://www.michigan.gov/mdotcontractors)

# Administrative Rules Governing the Prequalification of Construction Contractors

- Effective December 4, 2009
- All prequalification applications received on or after December 4, 2009 were evaluated based on the revised version of the Administrative Rules.
- The most noteworthy changes to the rules are:
  1. The overall financial rating allowed without an audited financial statement has been increased from \$1M to \$2M.
  2. Contractors with an overall financial rating of \$10M or greater may choose to renew every 2 years, rather than annually.

# Prequalification

- New Companies
  - W-9
  - Articles of Inc./Organization or Authority to do Business in MI
  - Contact References
  - Resumes for Key Staff
  - Required Licenses (Bridge Painting & Electrical)
- Annual Renewals
  - Due within 4 months after close of Fiscal Year End (FYE)
  - May Request 60 Day Extension (Prior to expiration)
  - Reminders are not sent out
  - Change of FYE
    - need explanation
- Licenses
  - (N4) Bridge Painting: SSPC Certification (QP 1 & QP2)
  - (L) Electrical Construction: Masters & Contractors

# Prequalification Determination

1. Contractor's financial resources and related information
2. Prior experience
3. Staff experience
4. Availability of equipment
5. Past performance evaluations

# Financial Rating Work Sheet

- Total Financial Rating:
  - \$2M and over – Certified Audited Financial Statement
  - \$2M and under – Compiled/Reviewed or Verification forms
  
- Rating is based on:
  1. Net Working Capital
  2. Depreciation
  3. Equipment Value
  
- Negative Total Rating
  - Can not bid, subcontract, or enter into any new contracts on MDOT projects
  - Can continue to fulfill current contracts

Clear Form

Michigan Department  
Of Transportation  
1311 (03/10)

**FINANCIAL RATING WORKSHEET**  
(CONFIDENTIAL REPORT)

CONTRACTOR NAME	DATE PREP	
CONTRACTOR CODE	FISCAL YEAR END	

  

TOTAL CURRENT ASSETS (Pg. 7)	\$ _____	
Adjustments:		
_____ \$ _____		
_____ \$ _____		
<b>TOTAL ADJUSTED CURRENT ASSETS</b>	<b>\$ _____</b>	
CURRENT LIABILITIES (Pg. 9)	\$ _____	
Adjustments:		
_____ \$ _____		
_____ \$ _____		
<b>TOTAL ADJUSTED CURRENT LIABILITIES</b>	<b>\$ _____</b>	
<b>NET WORKING CAPITAL FOR FINANCIAL RATING COMPUTATION</b>	<b>\$ _____</b>	(1)

  

<b>DEPRECIATION ALLOWANCE</b>		
Current Year's Equipment Depreciation (Pg. 11)		
\$ _____	x 1.5 = \$ _____	
<b>DEPRECIATION EXPENSE FOR FINANCIAL RATING COMPUTATION</b>	<b>\$ _____</b>	(2)

  

<b>EQUIPMENT VALUE</b>		
Appraisal (Fair Market Value)	\$ _____	or
Net Book Value of Equipment (Pg. 8)	\$ _____	
Less Long Term Obligation on Equipment (Pg. 9)	\$ _____	
<b>EQUIPMENT VALUE FOR FINANCIAL RATING COMPUTATION</b>	<b>\$ _____</b>	(3)

  

<b>FINANCIAL RATING COMPUTATION</b>		
(1) Net Working Capital	\$ _____ x 9 = \$ _____	
(2) Depreciation Expense	\$ _____ x 9 = \$ _____	
(3) Equipment Value	\$ _____ x 4 = \$ _____	
<b>TOTAL FINANCIAL RATING</b>	<b>\$ _____</b>	

  

COMMENTS: \_\_\_\_\_

FINANCIAL STATEMENT PREPARED BY:	APPROVAL (Signature)	DATE
----------------------------------	----------------------	------

  

Certified Audit  
 Review/Compiled  
 Verification Forms

# Cover Sheet

- “Name of Bidder” should be the same as the company’s:
  - Articles of Incorporation,
  - Articles of Organization, or
  - Certificate of Assumed Name

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**MDOT USE ONLY**

<input type="checkbox"/> New	<input type="checkbox"/> DBE
<input type="checkbox"/> W-9 Received	_____
<input type="checkbox"/> Continuous	_____
<input type="checkbox"/> Late Expired	_____
Date Received	_____
Contractor Code	_____

**CONFIDENTIAL**

**CONSTRUCTION PREQUALIFICATION APPLICATION**

(This information is required by P.A. 170 of 1933 to certify eligibility for bidding on projects)

**As of Fiscal Year End  
(MM/DD/YY)**

\_\_\_\_\_

**Instructions: Each item must be answered.** Whenever a particular item does not apply, write "none" or "n/a" (not applicable). Please type or print legibly in dark ink when preparing the application. If additional space is needed, attach a separate sheet, maintaining application in page order through out.

Legal Company Name (Bidder): \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Shipping Address (if different): \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code + 4: \_\_\_\_\_

Company Telephone Number: \_\_\_\_\_ Company Fax Number: \_\_\_\_\_

Company's Website Address: \_\_\_\_\_

Contact/Person Who Completed Application: \_\_\_\_\_

Contact Email Address: \_\_\_\_\_

**Submit the fully completed application to:**  
Michigan Department of Transportation  
Contract Services Division – B225 / 2<sup>nd</sup> Floor  
Construction Prequalification Unit  
P.O. Box 30050  
Lansing, Michigan 48909-7550

**Overnight Address:**  
Michigan Department of Transportation  
Contract Services Division – B225 / 2<sup>nd</sup> Floor  
Construction Prequalification Unit  
425 W. Ottawa Street  
Lansing, Michigan 48933-1532

# Work Classifications

MDOT 1313 (06/10)

## WORK CLASSIFICATIONS (Please circle classifications applying for)

- |  |   |
|--|---|
| <p><b>B. Concrete Pavement</b><br/>Construction of Portland cement Concrete base and surface course.</p> <p><b>Ba. Concrete Pavement Patching and Widening.</b></p> <p><b>Ca. Chip Seals</b></p> <p><b>Cb. Plant-Mixed Hot Mix Asphalt/Bituminous Paving.</b></p> <p><b>Ea. Grading, Drainage Structures, and Aggregate Construction.</b></p> <p><b>Fa. Bridges and Special Structures</b><br/>Construction of masonry, fabricated steel, prestressed concrete beam, or timber bridges, large culverts and grade separations, special structures and other incidental construction.</p> <p><b>Fb. Structural Steel</b><br/>Erecting structural steel, prestressed concrete beams and placing reinforcing steel on bridges and grade separations and other incidental structures.</p> <p><b>Fd. Pump stations</b><br/>Construction of pump stations and other incidental structures.</p> <p><b>G. Building Moving and Demolition</b><br/>Building moving, demolition and other incidental construction.</p> | <p><b>H. Landscaping</b><br/>Contracts involving ornamentation of roadsides and parks and other incidental construction.</p> <p><b>I. Seeding and Sodding/Turf Establishment</b></p> <p><b>J. Miscellaneous Concrete Items</b><br/>Construction of concrete curb and gutter, sidewalk, barrier wall, driveways, and other incidental construction.</p> <p><b>K. Sewers and Watermains</b></p> <p><b>Ka. Tunneling and Jacking</b></p> <p><b>L. Electrical Construction (Master &amp; Electrical License required)</b></p> <p><b>N2. Clearing</b></p> <p><b>N3. Pavement Marking</b></p> <p><b>N4. Bridge Painting (SSPC Certification required/QP1 &amp; QP2)</b></p> <p><b>N5. Railroad Track Construction</b></p> <p><b>N6. Permanent Signs</b></p> <p><b>N7. Waterproofing</b></p> |
|--|---|

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## N9 CLASSIFICATIONS (Please circle classifications applying for)

The classification codes shown in parentheses preceding some N9 classifications below are considered to already include that particular N9 classification. If you are prequalified in the classification in parentheses, please do not request that particular N9 classification. (For example, if you are prequalified in Fa, do not request N9-1A, Bridge Deck Repair.)

- |   |   |
|---|---|
| <p><b>1. BRIDGE</b><br/>(Fa) A. Bridge Deck Repair<br/>(Fa) B. Bridge Railing Replacement<br/>(Fa) C. Concrete Structure Repair<br/>(Fa) D. Concrete Bridge Railing<br/>E. Structural Crack Repair<br/>F. Hydrodemolition</p> <p><b>2. ROADWAY (GRADE)</b><br/>(Ea) B. Edge Drain<br/>(Ea) C. Erosion Control Structures<br/>D. Crushing and Shaping</p> <p><b>3. PAVEMENTS</b><br/>A. Cold Milling<br/>B. Rubblizing Concrete Pavement<br/>(B,Ba) C. Concrete Sawing<br/>D. Grinding and Grooving<br/>E. Overband Crack Fill<br/>(B,Ba) F. Joint or Crack Fill<br/>G. Joint Repair (Detail 7 &amp; 8)<br/>H. Slurry Seal<br/>I. Microsurfacing</p> | <p><b>4. DRAINAGE</b><br/>A. Sewer Cleanout<br/>B. Sewer Inspection</p> <p><b>5. FOUNDATIONS</b><br/>(Fa) A. Augered Piling<br/>B. Caisson Drilling<br/>(Fa) C. Pile Driving<br/>(Fa) D. Sheet Piling</p> <p><b>6. GENERAL</b><br/>(Fa,Fb) C. Placing Resteeel<br/>E. Rail Salvage<br/>F. Railroad Signals<br/>I. Raised Pavement Markers<br/>K. Attenuators<br/>L. Guardrail<br/>M. Fences<br/>N. Paving Brick</p> |
|---|---|

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# Balance Sheet

- Pages 7 – 11
  - Need to be completed even if financials are submitted
  - Typed or completed in ink
- Pages 12 – 15
  - Details the amounts on pages 7 - 10

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LEGAL COMPANY NAME (BIDDER) \_\_\_\_\_ FISCAL YEAR END (mm/dd/yy) \_\_\_\_\_

The company (bidder) named above maintains its books of account on the following basis and method.  
Check appropriate box in each section.

<b>BASIS</b>	<b>METHOD OF KEEPING BOOKS</b>	<b>METHOD OF PREQUALIFICATION</b>	
<input type="checkbox"/> Cash	<input type="checkbox"/> Completed contract	<input type="checkbox"/> Completed contract	
<input type="checkbox"/> Accrual	<input type="checkbox"/> Percentage of completion	<input type="checkbox"/> Percentage of completion	
	<input type="checkbox"/> Other – Enclose copy of letter of approval from Prequalification Committee		

**THE FOLLOWING STATEMENT WILL NOT SERVE AS AN AUDITED BALANCE SHEET  
BALANCE SHEET MUST BE COMPLETED EVEN IF FINANCIAL STATEMENT IS SUBMITTED.**

ASSETS	BALANCE SHEET			AS ADJUSTED FOR PREQUALIFICATION
	PER BOOKS	DEBITS	CREDITS	
<b>CURRENT ASSETS</b>				
Cash				
On hand	\$ _____	\$ _____	\$ _____	\$ _____
In bank (subject to withdrawal)	_____	_____	_____	_____
Certificates of deposit	_____	_____	_____	_____
Marketable securities				
Bonds and stocks	_____	_____	_____	_____
Other (Specify)	_____	_____	_____	_____
Trade accounts receivable				
Due within one year	_____	_____	_____	_____
Retention on contracts	_____	_____	_____	_____
Less allowance for uncollectible accounts	( _____ )	( _____ )	( _____ )	( _____ )
<b>NET TRADE ACCOUNTS RECEIVABLE</b>	_____	_____	_____	_____
Notes receivable	_____	_____	_____	_____
Interest and dividends receivable	_____	_____	_____	_____
Costs and estimated earnings in excess of billings on uncompleted contracts	_____	_____	_____	_____
Inventories (at lower of market or cost) construction materials and supplies on hand	_____	_____	_____	_____
Costs of uncompleted contracts in excess of related billing recorded	_____	_____	_____	_____
Other allowable current assets				
Bid deposits	_____	_____	_____	_____
Cash surrender value life insurance	_____	_____	_____	_____
Prepayments (insurance, interest, taxes, etc.)	_____	_____	_____	_____
Other assets realizable within one year. Describe fully:	_____	_____	_____	_____
<b>TOTAL CURRENT ASSETS</b>	\$ _____	\$ _____	\$ _____	\$ _____

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# Equipment Guide

## Construction Prequalification

### Equipment Guideline for Work Classifications

Below is an example of the equipment you should have available to perform specific work classification(s). A lease/rental agreement will be requested if your company does not own the required equipment.

Equipment Used for Various Classifications							
Backhoe	Crane	Dozer	Excavator	Grader	Loader	Rollers	Scrapers (pulls)
Ea-Fa-Fd-G-J-K-N6	Ea -Fa-Fd -G-Ka - N6	Ea-Fa-Fd-G-H-N2	Ea-Fa-Fb-Fd-G-J-K-Ka	Ea	Ea-Fa-Fb-Fd-G-J-K-Ka-N6	Ea	Ea

Equipment Necessary for Specific Classifications					
B Concrete Paving	Ba Concrete Patching	Ca Chip Seal	Cb HMA/Bituminous Pavement	Fa Bridges & Special Structures	J Misc. Concrete Curb-Gutter-Sidewalks
Major paving equipment (slip-form)	Compaction equipment	Chip spreader	Roller & pneumatic & vibratory	Pile & pneumatic hammer	Paver-curb & gutter slip-form
Concrete delivery trucks	Drilling machine (dowel bars)	Power brooms	Paver	Compaction equipment	Compaction equipment
	Forms	Distributor	Trucks	Forms	Forms
	Screed (self-powered)	Pneumatic roller	Distributor	Compressor	
	Concrete saw			Screed	

N – Special Contracts				
N3 Pavement Marking	N4 Bridge Painting	N5 Railroad Track	N6 Signs Cantilever/Truss	N7 Waterproofing
Pavement marking machines	Dust collectors Air compressors	Ballast regulator	Cherry picker	Shotcrete applicator
Supply trucks	Hygiene facilities (showers)	Ballast tamper	Auger	Asphalt heater/spreader
Cones	Sand blasting equip	Spike pullers	Post driver	Air compressor
	Scaffolding – tarps paint sprayers	Spiker (automatic)	Post hole digger	

H - Landscaping	I - Seeding and Sodding/Turf Establishment
Auger, Backhoe, Disc, Dozer, Drag, Excavator, Tree spade, Water Tank, Truck.	Disc, Drag, Hydroseeder, Mulcher, Tractor, Truck

# Authorized to Execute Contracts

- Original signatures of person(s) authorized to execute contracts

- Printed and signed name must match exactly.

(ex: Bob T. Builder =

*Bob T. Builder*)

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**PERSONS AUTHORIZED TO EXECUTE CONTRACTS**

All partners must sign contracts, unless a power of attorney modifying this is supplied.  
In case of a corporation, only those signatures listed below will be accepted.

The following persons are duly authorized to execute contracts and related documents on behalf of:

LEGAL COMPANY NAME (BIDDER)

NOTE: In addition, **CORPORATIONS** shall complete the Certificate of Secretary listing those persons authorized to execute contracts.

NAME (Print or type - Must match exactly with authorized legal signature)	AUTHORIZED SIGNATURE	DATE

**EQUAL EMPLOYMENT OPPORTUNITY/EQUAL ACCESS PROGRAM**

The bidder named below has initiated and intends to continue an equal employment opportunity policy designed to eliminate any discrimination in employment because of religion, race, color, national origin, age, sex, marital status, physical or mental handicap, weight or arrest record.

The bidder named below will not discriminate in providing its programs or services to the public because of religion, race, color, national origin, age, sex, marital status or physical or mental handicap. The bidder will also provide reasonable accommodation to the needs of individuals with disabilities consistent with state and federal law.

LEGAL COMPANY NAME (BIDDER)

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# Certificate of Secretary

- This page is only required if company is incorporated
- Printed name(s) must be identical to the name(s) on page 19

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## CERTIFICATE OF SECRETARY (Corporations only)

The undersigned, being the duly elected secretary of \_\_\_\_\_, a corporation, hereby certifies that the following resolution was duly adopted by the Board of Directors of said corporation at a meeting on \_\_\_\_\_, and that this resolution is in full force and effect:

"RESOLVED, That the following listed persons are hereby authorized to execute, on behalf of \_\_\_\_\_ any and all contracts with the State of Michigan or other governmental entity."

**NOTE:** The names printed below must be identical to the authorized signers on page 19.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

SIGNATURE OF SECRETARY

DATE

# Verification and Affidavit

- Signature of owner, officer, or partner
- Must be notarized

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## AUTHORIZATION FOR VERIFICATION AND AFFIDAVIT

I, being duly sworn, understand that Act 170 of the Public Acts of 1933 permits, and the "Administrative Rules Governing the Prequalification of Construction Contractors" require the disclosure of financial and other information in the Confidential Prequalification Application and Financial Statement, Form 1313. I am also aware that the submission of false and deceptive information is a misdemeanor under Act 170, and submission of fraudulent statements may result in the prospective bidder not being prequalified, swear that to the best of my knowledge, the financial statements and other information set forth in this form are true and accurate statements as of the fiscal year end \_\_\_\_\_, and that the Certified Public Accountant who prepared the financial statement accompanying this form, as well as any depository, vendor or other agency named in these documents, is authorized to supply the Michigan Department of Transportation with any information to verify the statements contained in this form.

NAME (Print or type)	TITLE	
LEGAL COMPANY NAME (BIDDER)		
SIGNATURE OF OWNER, OFFICER, OR PARTNER	DATE	
Subscribe and sworn to before me this _____ day of _____ 20____		
NOTARY PUBLIC SIGNATURE	COUNTY/STATE	COMMISSION EXPIRES
NOTARY'S PRINTED NAME _____		

# Additional Requests

- Increase in ratings or additional classifications:
  1. A Page 4 (Contractor's Experience) for each classification requested
  2. Submit new or additional experience which was not included in last application
  3. Show the required equipment whether owned, leased, or rented
  4. Staff's type of experience in the specific classification
  5. Complete a Reference Form (Form 5107)



# Do's

1. Review the checklist and Administrative Rules
2. Fill out application completely
3. Balance Sheet (pages 7-11) must be completed
4. A financial statement is allowed for pages 12-15 if they contain all information requested in the balance sheet
5. If a financial statement is submitted, it needs to be completed by a CPA, not an accounting service
6. Ensure pages 19-21 are originals
7. Ensure pages 5-6 include all of your affiliated companies
8. Page 4:
  - Detail the experience
  - Note new experience every renewal

# Don't's

1. Bind the prequalification application or financial statement
2. Forget to reapply each year by expiration date
3. Submit interim financials – only fiscal year end or opening balance for new companies
4. Submit a prequalification application in a different company's name
5. Submit false information

QUESTIONS?

