

**MICHIGAN DEPARTMENT OF TRANSPORTATION**

**«VENDOR»**

**CONTRACT FOR**

**INDEFINITE DELIVERY OF SERVICES**

This Contract is made and entered into this date of \_\_\_\_\_ by and between the Michigan Department of Transportation (MDOT) and «VENDOR» (CONSULTANT), of «ADDRESS», for the purpose of MDOT engaging the CONSULTANT to provide professional engineering services for which the CONSULTANT is prequalified on an as needed/when needed basis (collectively, SERVICES).

Recitals:

MDOT may issue work to the CONSULTANT by way of a written document defining such work and detailing the reimbursement conditions (AUTHORIZATION); and

Each AUTHORIZATION will define the terms of reimbursement as actual cost plus fixed fee basis, not to exceed maximum amount; or as lump sum basis; or as milestone basis, with lump sum payments to be made upon the accomplishment of defined milestones; or as loaded hourly rate plus direct expenses basis; or as unit price per unit of work basis; unit prices may be bid or agreed upon; and

MDOT and the CONSULTANT agree to follow a dispute resolution process in the event that problems occur with the SERVICES performed by the CONSULTANT or in the event that other problems arise related to this Contract or the SERVICES to be provided hereunder; and

The SERVICES may be programmed with the use of federal funds administered by the United States Department of Transportation, Federal Highway Administration (FHWA).

The parties agree that:

THE CONSULTANT WILL:

1. Only perform the SERVICES with a prior written AUTHORIZATION for such SERVICES. By its signature on this Contract, the CONSULTANT denotes its

understanding that MDOT employees, including any MDOT Project Manager, do not have the authority to verbally assign work to the CONSULTANT. In the event that any MDOT employee attempts to assign SERVICES under this Contract without a written AUTHORIZATION specifically providing for such SERVICES, the CONSULTANT will refuse to do any such work and will immediately contact MDOT's Contract Administrator. A sample AUTHORIZATION form is attached as Exhibit A.

2. Perform all SERVICES in conformity with MDOT's applicable standards and guidelines.
3. During the performance of the SERVICES, be responsible for any loss of or damage to original documents belonging to MDOT while they are in the CONSULTANT's possession. Restoration or replacement of lost or damaged original documents will be at the CONSULTANT's expense.
4. Maintain the original copies of all documents, calculations, reviews, and reports generated during the performance of the SERVICES (DOCUMENTS). The DOCUMENTS will be maintained in a safe and secure place and will be available for review by MDOT or its representative.

The CONSULTANT will deliver to MDOT those DOCUMENTS for which delivery is provided in the Scope of Services. Any DOCUMENTS not required for delivery to MDOT will be maintained by the CONSULTANT for at least three (3) years from the date of completion of the construction of the project resulting from the SERVICES under this Contract. In the event that such construction is unreasonably delayed, the CONSULTANT may request permission for exemption from this provision. The CONSULTANT may not discard such DOCUMENTS prior to the above defined date without prior written approval from MDOT.

5. Make such trips to confer with representatives of MDOT and the FHWA as may be necessary in the carrying out of the SERVICES set forth in this Contract.
6. Upon completion of the SERVICES, deliver to MDOT the work products defined in the Scope of Services.
7. Affix its professional endorsement upon all designs, specifications, estimates, and engineering data furnished to MDOT, if applicable, and will comply with all requirements of 1980 PA 299 Article 20, MCL 339.2001 – 339.2014.
8. During the performance of the SERVICES, submit directly to the MDOT Project Manager written progress reports that outline the work accomplished during the reporting period; identify any problems, real or anticipated, associated with the performance of the AUTHORIZATION; and identify any deviations from the agreed upon work plan and schedule. In the event the CONSULTANT identifies any problem(s), the CONSULTANT will submit a plan to correct the problem(s) to MDOT for consideration. The content and format of such written progress reports will be as defined in the Scope of

Services. The quantity, timing, period covered, and recipients of the progress reports will be as directed by the Project Manager.

As part of the progress report, the CONSULTANT will report the actual hours of performance, the actual start, and, if necessary, an estimated completion date or an actual completion date, as may be further defined in the Scope of Services and as defined in the MDOT guidelines. In the event that the CONSULTANT does not submit a progress report for a particular month, the CONSULTANT is still required to submit any report or information required by this section.

9. With regard to audits and record-keeping:
  - a. The CONSULTANT will establish and maintain accurate records, in accordance with generally accepted accounting principles, of all expenses incurred for which payment is sought or made under this Contract and any AUTHORIZATION (RECORDS). Separate accounts will be established and maintained by job number and/or phase for all costs incurred for SERVICES under this Contract and for all AUTHORIZATIONS.
  - b. The CONSULTANT will maintain the RECORDS for at least three (3) years from the date of final payment made by MDOT under this Contract and any AUTHORIZATION. In the event of a dispute with regard to the allowable expenses or any other issue under this Contract or any AUTHORIZATION, the CONSULTANT will thereafter continue to maintain the RECORDS at least until that dispute has been finally decided and the time for all available challenges or appeals of that decision has expired.
  - c. MDOT or its representative may inspect, copy, scan, or audit the RECORDS at any reasonable time after giving reasonable notice.
  - d. If any part of the work is subcontracted, the CONSULTANT will assure compliance with subsections (a), (b), and (c) above for all subcontracted work.
10. Provide professional liability insurance, as further defined in Exhibit B, attached hereto and made a part hereof.
11. If MDOT discloses its confidential information to the CONSULTANT, the CONSULTANT will maintain such information as confidential. Information provided by MDOT will be deemed confidential if it is marked confidential or stated in writing to be confidential. The above obligations of confidentiality will not apply to:
  - a. Information for which MDOT gives prior written permission for publication or use.
  - b. Information that is required to be disclosed based on court order.

A violation of this provision will be considered a breach of this Contract, and MDOT may terminate this Contract under the provisions of Section 24(b).

News releases pertaining to this Contract or the SERVICES to which it relates will not be made without prior written approval from MDOT, and then only in accordance with explicit instructions from MDOT. News releases made without MDOT's approval will be considered a breach of the Contract, and MDOT may terminate this Contract under the provisions of Section 24(b).

12. Submit billings to MDOT for the SERVICES performed in accordance with the following:
  - a. Billings for the SERVICES will be on an actual cost plus fixed fee basis, a lump sum basis, a milestone basis, a loaded hourly rate basis, or a unit price per unit of work basis, as defined in the particular AUTHORIZATION. The billings for SERVICES on an actual cost plus fixed fee basis will be as defined in Section 16. The billings for SERVICES on a lump sum basis will be in accordance with the lump sum schedule in the Scope of Services and as set forth in the AUTHORIZATION. The billings for SERVICES on a milestone basis will be in accordance with the milestone schedule in the Scope of Services and as set forth in the AUTHORIZATION. Each billing for milestone payment will only occur upon acceptance of all work detailed in the milestone schedule in the Scope of Services for the specific milestone. The billings for SERVICES on a loaded hourly rate basis will be in accordance with the defined rates detailed in the Scope of Services and priced proposal and as set forth in the AUTHORIZATION for such work. The billings for SERVICES on a unit price per unit of work basis will be in accordance with the unit prices defined in the Scope of Services and priced proposal and as set forth in the AUTHORIZATION for such work.
  - b. The CONSULTANT agrees that the costs reported to MDOT for this Contract will represent only those items that are properly chargeable in accordance with this Contract. The CONSULTANT also certifies that it has read the Contract terms and has made itself aware of the applicable laws, regulations, and terms of this Contract that apply to the reporting of costs incurred under the terms of this Contract.
  - c. The billings for SERVICES on an actual cost plus fixed fee basis, a loaded hourly rate basis, or a unit price per unit of work basis will not be submitted more often than once per month for each AUTHORIZATION without prior written approval from MDOT. Each billing for SERVICES will be submitted promptly, no more than sixty (60) days after the completion of the SERVICES for that billing. All billings for SERVICES provided prior to September 30 of any year must be received by MDOT in accordance with MDOT's annual fiscal year end instructions or a significant delay in payment may occur.

- d. The final billing for the SERVICES must be received within sixty (60) days of completion of the SERVICES. MDOT may close the Contract and/or any AUTHORIZATION after the sixty (60) days have passed. Costs provided to MDOT after this sixty (60) day period may be denied by MDOT.

MDOT WILL:

13. Provide the CONSULTANT with access to MDOT standards and information in its possession and related to the SERVICES that the CONSULTANT specifically requests, except for such standards and information as the CONSULTANT is specifically required to provide.
14. For SERVICES on an actual cost plus fixed fee basis, a lump sum basis, a milestone basis, or a loaded hourly rate basis, upon receipt of the proposed estimate, MDOT will conduct negotiations with the CONSULTANT to determine the acceptable hours, costs, and fixed fee, as applicable, to be paid the CONSULTANT for the work of completing the SERVICES and/or milestones. For SERVICES on a unit price per unit of work basis, upon receipt of the proposal estimate, MDOT will conduct negotiations with the CONSULTANT to determine the acceptable number, types, and cost(s) (except for low bid) of the units of work needed to complete the SERVICES. Subject to reaching mutual agreement, MDOT will issue a written AUTHORIZATION to the CONSULTANT to proceed with the work. Each AUTHORIZATION will include the scope of work, the effective date when the CONSULTANT may begin work, the completion date, and the agreed upon maximum compensation and fixed fee, if applicable, for the work. The AUTHORIZATION will detail whether the authorized amount will be reimbursed on an actual cost plus fixed fee basis, a lump sum basis, a milestone basis, a loaded hourly rate basis, or a unit price per unit of work basis.
15. Make payment to the CONSULTANT after receipt of billings, subject to verification of progress, in accordance with the provisions enumerated below. Within thirty (30) days of the receipt of the billing from the CONSULTANT, MDOT will either approve the billing for payment or, in lieu of such approval, inform the CONSULTANT that such approval has not been given. Additionally, MDOT will inform the CONSULTANT why the billing has not been approved and the actions, if any, required of the CONSULTANT to obtain such approval. Upon approval by the Project Manager, the billing will be submitted for payment. This subsequent payment process requires up to an additional thirty (30) days.
  - a. Compensation for SERVICES that will be reimbursed on an actual cost plus fixed fee basis will be in accordance with the definition of such cost set forth in Section 16 and the terms of Section 17 and will not exceed the maximum amount set forth in each AUTHORIZATION.
  - b. Compensation for SERVICES that will be reimbursed on a lump sum basis will be in accordance with the lump sum payment schedule detailed in each

AUTHORIZATION and will not exceed the maximum amount set forth in each AUTHORIZATION.

- c. Compensation for SERVICES that will be reimbursed on a milestone basis will be in accordance with the milestone payment schedule detailed in each AUTHORIZATION and will not exceed the maximum amount set forth in each AUTHORIZATION.
- d. Compensation for SERVICES that will be reimbursed on a loaded hourly rate basis will be in accordance with the defined rates detailed in each AUTHORIZATION and will not exceed the maximum amount set forth in each AUTHORIZATION.
- e. Compensation for SERVICES that will be reimbursed on a unit price per unit of work basis will be in accordance with the defined unit prices detailed in each AUTHORIZATION and will not exceed the maximum amount set forth in each AUTHORIZATION.
- f. Payment for reimbursement for a proportionate share of the work performed as determined by the Dispute Resolution Process will be paid in accordance with the provisions of Section 19 and after the thirty (30) day acceptance period, as further defined in Exhibit C.

Reimbursement of actual costs pursuant to this section will not constitute a final determination by MDOT of the allowability of such costs and will not constitute a waiver by MDOT of any violation of the terms of this Contract committed by the CONSULTANT.

16. Determine that payment for the costs of SERVICES under any AUTHORIZATION that will be reimbursed on an actual cost plus fixed fee basis is in accordance with the following:

- a. Direct Salary Costs: Actual labor costs of personnel performing the SERVICES. This cost will be based on the employees' actual hourly rates of pay and the actual hours of performance on the SERVICES, as supported by employee time and earning records.

For projects advertised May 1, 2013, or later, MDOT will pay overtime in accordance with MDOT's Overtime Reimbursement Guidelines, dated May 1, 2013. The guidelines can be found at [http://www.michigan.gov/documents/mdot/Final\\_Overtime\\_Guidelines\\_05-01-13\\_420286\\_7.pdf?20130509081848](http://www.michigan.gov/documents/mdot/Final_Overtime_Guidelines_05-01-13_420286_7.pdf?20130509081848). MDOT's overtime reimbursement policies are intended primarily for construction engineering work. Overtime reimbursement for all other types of work will be approved on a case by case basis.

- b. Other Direct Costs: Actual costs of materials that may be required hereunder but that are not normally provided as part of the overhead of the CONSULTANT. All actual costs in excess of Two Thousand Five Hundred Dollars (\$2,500.00) per other direct costs category will be supported by proper receipts and proof of payments.
- c. Overhead Costs: The actual overhead costs incurred by the CONSULTANT at the MDOT-accepted rate during work, computed as set forth in 48 CFR, Federal Acquisition Regulations, Part 31. The amount of overhead payment, including payroll overhead, will be calculated as applied rates to direct labor costs. Alternatively, if approved, the CONSULTANT may be reimbursed using the safe harbor rate applied to direct labor costs. Overhead costs will include those costs that, because of their incurrence for common or joint objectives, are not readily subject to treatment as direct costs. The MDOT-accepted overhead rate is not subject to adjustment for overhead costs, but MDOT retains the right to audit the RECORDS of the CONSULTANT at any reasonable time.
- d. Facilities Cost of Capital: A pro-rated portion of the actual facilities cost of capital incurred by the CONSULTANT during work if the estimated facilities cost of capital was specifically identified in the cost proposal for this work.
- e. Subconsultant Costs: Actual costs of subconsultants performing SERVICES. Amounts for fixed fees paid by the CONSULTANT to the subconsultant(s) will not be considered actual costs of the CONSULTANT but will be considered part of the fixed fee of the CONSULTANT.
- f. Travel and Subsistence: Actual costs in accordance with and not to exceed the amounts set forth in the current State of Michigan Standardized Travel Regulations, incorporated herein by reference.

For projects advertised May 1, 2013, or later, MDOT will reimburse the CONSULTANT for vehicle expenses and the costs of travel to and from project sites in accordance with MDOT's Travel and Vehicle Expense Reimbursement Guidelines, dated May 1, 2013. The guidelines can be found at [http://www.michigan.gov/documents/mdot/Final\\_Travel\\_Guidelines\\_05-01-13\\_420289\\_7.pdf?20130509082418](http://www.michigan.gov/documents/mdot/Final_Travel_Guidelines_05-01-13_420289_7.pdf?20130509082418). MDOT's travel and vehicle expense reimbursement policies are intended primarily for construction engineering work. Reimbursement for travel to and from project sites and for vehicle expenses for all other types of work will be approved on a case by case basis.

- g. Fixed Fee: In addition to payments set forth under (a), (b), (c), (d), (e), and (f) above, MDOT agrees to pay the CONSULTANT a fixed fee. It is agreed and understood that for project-specific AUTHORIZATIONS, such amount will constitute full compensation to the CONSULTANT for profit and will not vary

because of any differences between the estimated cost and the actual cost. Overruns in the actual cost of the SERVICES will not warrant an increase or adjustment in the amount of the fixed fee.

For AUTHORIZATIONS for as-needed projects, the fixed fee will be computed by taking the percentage of actual labor hours invoiced to total labor hours authorized, then applying that percentage to the total fixed fee authorized.

- h. Reimbursement for costs incurred is subject to the cost criteria set forth in 48 CFR, Federal Acquisition Regulations, Part 31.
17. Make payment to the CONSULTANT for the costs of SERVICES that will be reimbursed on an actual cost plus fixed fee basis in accordance with the following:
- a. Progress payments may be made for reimbursement of amounts earned to date upon receipt of a billing. Progress payments will include direct salary costs, other direct costs, MDOT-approved amounts for overhead, facilities cost of capital, and fixed fee. Progress payments will not be made more often than once per month without prior written approval from MDOT.
  - b. In the event MDOT determines that the CONSULTANT is not currently eligible to receive any or all of the funds requested, it will promptly notify the CONSULTANT, stating the reasons for such determination.
  - c. Upon receipt by MDOT of the required documents and any other accompanying information in a form satisfactory to MDOT, MDOT will process the payment request if the CONSULTANT is complying with its obligations pursuant to this Contract and the AUTHORIZATION.
  - d. The CONSULTANT will not be paid for costs arising from the correction of errors and omissions attributable to the CONSULTANT.

IT IS FURTHER AGREED THAT:

- 18. The parties will consider the SERVICES to be complete when accepted by MDOT. Such acceptance by MDOT is not intended to nor does it relieve the CONSULTANT of any of its obligations and responsibilities herein.
- 19. MDOT's maximum obligation for payment of funds for all AUTHORIZATIONS processed under this Contract is «CNOTEXD». The maximum obligation for payment of funds for any individual AUTHORIZATION under this Contract is «ANOTEXD».

MDOT funds in this Contract made available through legislative appropriations are based on projected revenue estimates. MDOT may reduce the amount of this Contract and/or any AUTHORIZATION hereunder if the revenue actually received is insufficient to



support the appropriation under which this Contract and/or any AUTHORIZATION is made.

Proportional compensation for work performed as a result of the Dispute Resolution Process (DRP) will be on the basis of actual cost and a fixed fee for profit. The proportion of such costs incurred that will be reimbursed, if any, will be as determined by the DRP. MDOT and the CONSULTANT will maintain separate RECORDS for the costs incurred relative to the DRP. The allowability of such costs will be as determined by MDOT's auditor. The determination of allowability under the provisions of this section is limited to the acceptability of the expense relative to the criteria described in Section 16(h). Such determination by MDOT's auditor does not apply to the acceptability or completeness of work as determined by the DRP.

20. Changes in the time period, the maximum dollar amount, or the Scope of Services as set forth in an AUTHORIZATION will not be permitted without a prior written AUTHORIZATION revision. The maximum dollar amount of an AUTHORIZATION will not be increased without an accompanying and comparable increase in the Scope of Services in the AUTHORIZATION. MDOT will neither pay nor be responsible for any costs incurred by the CONSULTANT prior to the award or subsequent to the expiration or termination of any such AUTHORIZATION or this Contract.
21. Any change in the scope, character, or term of this Contract or in the maximum amount as shown in Section 19 of this Contract will only be by award of a prior written amendment to this Contract by the parties.
22. When unreasonable delays are caused by circumstances or conditions that are not the fault of and are beyond the control of the CONSULTANT and are significant, as determined by MDOT, the CONSULTANT may:
  - a. Submit a written request for an extension of time.
  - b. Submit a written request for an update to its labor rates in order to reflect the rates currently in effect for the firm when such changes to those rates are material.

MDOT will provide written responses to such requests within thirty (30) days.

- c. In the event MDOT determines that an extension of time or an update in rates is warranted by the circumstances or conditions that are not the fault of and are beyond the control of the CONSULTANT, MDOT will respond in writing by issuing an AUTHORIZATION revision, as provided for in Section 20. Such extension of time or granting of revised rates will not operate as a waiver by MDOT of any of its rights herein set forth.
- d. In the event MDOT determines that an extension of time or an update in rates is not warranted by the circumstances or conditions, MDOT will advise the

CONSULTANT in writing of its determination. Such determination by MDOT will be considered final and binding and not subject to further review or consideration.

- e. Failure on the part of the CONSULTANT to submit a written request for an extension of time or an update to its labor rates will constitute a waiver of the request for extra compensation for any such delay or rate change. The filing of such notice by the CONSULTANT will not be construed to establish the validity of the request.
23. MDOT and the CONSULTANT will agree on the Key People to be assigned to the Project Team prior to any work being performed. The CONSULTANT will not replace any Key People assigned to the Project Team without prior written approval from MDOT. MDOT has the right to disapprove proposed replacements, and the CONSULTANT is required to find alternative replacements that are acceptable to MDOT. The replacement of Key People from the Project Team without MDOT's prior written approval will be considered a breach of the Contract, and MDOT may terminate this Contract under the provisions of Section 24(b). If a member of the Project Team who is one of the Key People leaves the Project Team, the CONSULTANT will replace that person with a person who is acceptable to MDOT in accordance with the MDOT "Consultant Loss of Key Staff Notification Process," dated February 9, 2015. Failure by the CONSULTANT to find an acceptable replacement to the Project Team will be considered a breach of this Contract, and MDOT may terminate this Contract under the provisions of Section 24(b). "Key People" are defined as those people whose qualifications and experience are essential to providing quality SERVICES. "Project Team" means the personnel assigned by the CONSULTANT and the subconsultant(s) who are responsible for the completion of the SERVICES.
24. MDOT may terminate this Contract and/or any AUTHORIZATION(S) under this Contract for convenience or cause, as set forth below, before the SERVICES are completed. Written notice of termination will be sent to the CONSULTANT. The CONSULTANT will be reimbursed in accordance with the following:

a. **Termination for Convenience:**

FOR COSTS TO BE REIMBURSED ON AN ACTUAL COST PLUS FIXED FEE BASIS:

The CONSULTANT will be reimbursed for all costs incurred up to the termination date set forth in the notice of termination. Such reimbursement will be as set forth in Sections 16 and 17. The CONSULTANT will be reimbursed a proportionate share of the fixed fee based on the portion of the project that is complete as determined by MDOT. MDOT will receive the work product produced by the CONSULTANT under this Contract up to the time of termination, prior to the CONSULTANT being reimbursed. In no case will the

compensation paid to the CONSULTANT for partial completion of SERVICES exceed the amount the CONSULTANT would have received had the SERVICES been completed.

**FOR COSTS TO BE REIMBURSED ON A LUMP SUM BASIS:**

The CONSULTANT will be reimbursed for all costs incurred up to the termination date set forth in the notice of termination. MDOT will pay a proportionate share for a partially completed work product. The value of such partially completed work product will be determined by MDOT based on actual costs incurred. Such reimbursement will be as set forth in Sections 15 and 17. MDOT will receive the work product produced by the CONSULTANT under this Contract up to the time of termination, prior to the CONSULTANT being reimbursed. In no case will the compensation paid to the CONSULTANT for partial completion of the SERVICES exceed the amount the CONSULTANT would have received had the SERVICES been completed.

**FOR COSTS TO BE REIMBURSED ON A MILESTONE BASIS:**

MDOT will pay the CONSULTANT for all milestones achieved for which MDOT receives the completed work product. MDOT will pay a proportionate share for the partially completed work product of any partially completed milestone. The value of such partially completed work product will be determined by MDOT based on actual costs incurred. Such reimbursement will be as set forth in Section 15. In no case will the compensation paid to the CONSULTANT for partial completion of the SERVICES exceed the amount the CONSULTANT would have received had the SERVICES been completed.

**FOR COSTS TO BE REIMBURSED ON A LOADED HOURLY RATE BASIS:**

The CONSULTANT will be reimbursed for all costs incurred up to the termination date set forth in the notice of termination. Such reimbursement will be as set forth in Sections 15 and 17. MDOT will receive the work product produced by the CONSULTANT under this Contract up to the time of termination, prior to the CONSULTANT being reimbursed. In no case will the compensation paid to the CONSULTANT for partial completion of SERVICES exceed the amount the CONSULTANT would have received had the SERVICES been completed.

**FOR COSTS TO BE REIMBURSED ON A UNIT PRICE PER UNIT OF WORK BASIS:**

The CONSULTANT will be reimbursed for all units of work performed for which MDOT receives the completed work product. MDOT will pay a proportionate share for the partially completed work product of any partially completed unit of work. The value of such partially completed unit of work will be determined by

MDOT based on actual costs incurred. In no case will the compensation paid to the CONSULTANT for partial completion of the SERVICES exceed the amount the CONSULTANT would have received had the SERVICES been completed.

**b. Termination for Cause:**

In the event the CONSULTANT fails to complete any of the SERVICES in a manner satisfactory to MDOT, and/or discloses MDOT's confidential information, in violation of the provisions of Section 11, and/or replaces any Key People without prior written approval from MDOT, as set forth in Section 23, and/or fails to find an acceptable replacement to the Project Team, as set forth in Section 23, and/or makes any public relations communications and/or products that are intended for an external audience without prior written approval from MDOT, as set forth in Section 51, MDOT may terminate this Contract and/or any AUTHORIZATION(S) pursuant to this Contract for cause. Written notice of termination will be sent to the CONSULTANT. The CONSULTANT will be reimbursed as follows:

**FOR COSTS TO BE REIMBURSED ON AN ACTUAL COST PLUS FIXED FEE BASIS:**

The CONSULTANT will be reimbursed for SERVICES completed up to receipt of the notice of termination. MDOT may pay a proportionate share for a partially completed work product. The value of such partially completed work product will be determined by MDOT based on actual costs incurred up to the estimated value of the work product received by MDOT, as determined by MDOT. Such actual costs will be as set forth in Section 16. The CONSULTANT will be reimbursed a proportionate share of the fixed fee based on the portion of the project that is complete, as determined by MDOT. MDOT will receive the work product produced by the CONSULTANT under this Contract up to the time of termination, prior to the CONSULTANT being reimbursed. In no case will the compensation paid to the CONSULTANT for partial completion of the SERVICES exceed the amount the CONSULTANT would have received had the SERVICES been completed.

**FOR COSTS TO BE REIMBURSED ON A LUMP SUM BASIS:**

The CONSULTANT will be reimbursed for SERVICES completed up to receipt of the notice of termination. MDOT may pay a proportionate share for a partially completed work product. The value of such partially completed work product will be determined by MDOT based on actual costs incurred up to the estimated value of the work product received by MDOT. Such reimbursement will be as set forth in Sections 15 and 17. MDOT will receive the work product produced by the CONSULTANT under this Contract up to the time of termination, prior to the CONSULTANT being reimbursed. In no case will the compensation paid to the

CONSULTANT for partial completion of the SERVICES exceed the amount the CONSULTANT would have received had the SERVICES been completed.

FOR COSTS TO BE REIMBURSED ON A MILESTONE BASIS:

The CONSULTANT will be reimbursed for all milestones achieved for which MDOT receives the completed work product. MDOT will not reimburse the CONSULTANT for any partially completed milestones.

FOR COSTS TO BE REIMBURSED ON A LOADED HOURLY RATE BASIS:

The CONSULTANT will be reimbursed for SERVICES completed up to receipt of the notice of termination. MDOT may pay a proportionate share for a partially completed work product. The value of such partially completed work product will be determined by MDOT based on actual costs incurred up to the estimated value of the work product received by MDOT, as determined by MDOT. Such reimbursement will be as set forth in Sections 15 and 17. MDOT will receive the work product produced by the CONSULTANT under this Contract up to the time of termination, prior to the CONSULTANT being reimbursed. In no case will the compensation paid to the CONSULTANT for partial completion of SERVICES exceed the amount the CONSULTANT would have received had the SERVICES been completed.

FOR COSTS TO BE REIMBURSED ON A UNIT PRICE PER UNIT OF WORK BASIS:

The CONSULTANT will be reimbursed for all units of work performed for which MDOT receives the completed work product. MDOT may pay a proportionate share for the work product of any partially completed unit of work. The value of such partially completed work product will be determined by MDOT based on actual costs incurred up to the estimated value of the work product received by MDOT as determined by MDOT.

In the event that termination by MDOT is necessitated by any wrongful breach, failure, default, or omission by the CONSULTANT, MDOT will be entitled to pursue whatever remedy is available to it, including, but not limited to, withholding funds or off-setting against funds owed to the CONSULTANT under this Contract, as well as any other existing or future contracts between the CONSULTANT and MDOT, for any and all damages and costs incurred or sustained by MDOT as a result of its termination of this Contract due to the wrongful breach, failure, default, or omission by the CONSULTANT. In the event of termination of this Contract and/or any AUTHORIZATION(S), MDOT may procure the professional SERVICES from other sources and hold the CONSULTANT responsible for any damages or excess costs occasioned thereby.

In the event that the CONSULTANT disagrees with MDOT regarding a determination of the completeness or value of SERVICES performed or the amount of reimbursement for which the CONSULTANT is eligible under the provisions of this section, the CONSULTANT may invoke the alternative dispute process defined in Section 30.

25. In the event that an audit performed by or on behalf of MDOT indicates an adjustment to the costs reported under this Contract or any AUTHORIZATION or questions the allowability of an item of expense, MDOT will submit to the CONSULTANT a Notice of Audit Results and a copy of the audit report, which may supplement or modify any tentative findings verbally communicated to the CONSULTANT at the completion of an audit.

Within sixty (60) days after the date of the Notice of Audit Results, the CONSULTANT will (a) respond in writing to the responsible Bureau of MDOT indicating whether or not it concurs with the audit report, (b) clearly explain the nature and basis for any disagreement as to a disallowed item of expense, and (c) submit to MDOT a written explanation as to any questioned or no opinion expressed item of expense (RESPONSE). The RESPONSE will be clearly stated and will provide any supporting documentation necessary to resolve any disagreement or questioned or no opinion expressed item of expense. Where the documentation is voluminous, the CONSULTANT may supply appropriate excerpts and make alternate arrangements to conveniently and reasonably make that documentation available for review by MDOT. The RESPONSE will refer to and apply the language of the contract. The CONSULTANT agrees that failure to submit a RESPONSE within the sixty (60) day period constitutes agreement with any disallowance of an item of expense and authorizes MDOT to finally disallow any items of questioned or no opinion expressed cost.

MDOT will make its decision with regard to any Notice of Audit Results and RESPONSE within one hundred twenty (120) days after the date of the Notice of Audit Results. If MDOT determines that an overpayment has been made to the CONSULTANT, the CONSULTANT will repay that amount to MDOT or reach agreement with MDOT on a repayment schedule within thirty (30) days after the date of an invoice from MDOT. If the CONSULTANT fails to repay the overpayment or reach agreement with MDOT on a repayment schedule within the thirty (30) day period, the CONSULTANT agrees that MDOT will deduct all or a portion of the overpayment from any funds then or thereafter payable by MDOT to the CONSULTANT under this Contract or any other contract or payable to the CONSULTANT under the terms of 1951 PA 51, as applicable. Interest will be assessed on any partial payments or repayment schedules based on the unpaid balance at the end of each month until the balance is paid in full. The assessment of interest will begin thirty (30) days from the date of the invoice. The rate of interest will be based on the Michigan Department of Treasury common cash funds interest earnings. The rate of interest will be reviewed annually by MDOT and adjusted as necessary based on the Michigan Department of Treasury common cash funds interest earnings. The CONSULTANT expressly consents to this withholding or offsetting of funds under those circumstances, reserving the right to file a lawsuit in the

Court of Claims to contest MDOT's decision, only as to any item of expense the disallowance of which was disputed by the CONSULTANT in a timely filed RESPONSE.

26. All documents prepared by the CONSULTANT under this Contract, including tracings, drawings, estimates, specifications, field notes, investigative studies, and other relevant documents, are the property of MDOT.
27. This Contract is personal to the parties and cannot be assigned. The CONSULTANT will not sublet any portion of the Contract or the SERVICES without MDOT's approval of the CONSULTANT's Intent to Subcontract form.

Such approval of any Intent to Subcontract form is given solely for the purposes of MDOT. Approval does not constitute an assumption of liability, a waiver, or an estoppel to enforce any of the requirements of this Contract, nor will any such approval by MDOT be construed as a warranty of the third party's qualifications, professional standing, ability to perform the work being subcontracted, or financial integrity. The Intent to Subcontract form does not replace the traditional subcontract or subcontract amendment between the CONSULTANT and its subconsultant. MDOT or its representative may inspect, copy, scan, or audit the traditional subcontract records at any reasonable time after giving reasonable notice.

28. The CONSULTANT agrees to pay each subcontractor for the satisfactory completion of work associated with the subcontract no later than ten (10) calendar days from the receipt of each payment the CONSULTANT receives from MDOT. This requirement is also applicable to all sub-tier subcontractors and will be made a part of all subcontract agreements.

This prompt payment provision is a requirement of 49 CFR Part 26, as amended, and does not confer third-party beneficiary right or other direct right to a subcontractor against MDOT. This provision applies to both disadvantaged Business Enterprise (DBE) and non-DBE subcontractors.

The CONSULTANT further agrees that it will comply with 49 CFR Part 26, as amended, and will report any and all DBE subcontractor payments to MDOT semi-annually in the format set forth in Appendix G, dated July 2010, attached hereto and made a part hereof, or any other format acceptable to MDOT.

29. All questions that may arise as to the quality and acceptability of work, the manner of performance and rate of progress of the work, the interpretation of designs and specifications, and the satisfactory and acceptable fulfillment of the terms of this Contract will be decided by MDOT, except as provided for in the "Dispute Resolution Process," as defined in Operating Procedures by MDOT.

30. The CONSULTANT and MDOT specifically agree that, in the event that problems arise with the performance of the SERVICES that may be the result of errors and/or omissions by the CONSULTANT or a failure of the CONSULTANT to otherwise perform in accordance with this Contract, the CONSULTANT and MDOT will follow and abide by a decision reached by the Dispute Resolution Process (DRP), as described in Exhibit C, dated January 6, 2000, attached to this Contract, unless within thirty (30) days of the conclusion of such a process, MDOT or the CONSULTANT rejects the DRP decision in such a manner as described in Exhibit C. It is further agreed that each party to this Contract reserves the right to file a lawsuit in a Michigan court of competent jurisdiction to contest the decisions or rulings of the DRP only at the completion of the DRP and then only if the DRP decision was timely rejected by the respective party in accordance with the requirements of the DRP. The CONSULTANT agrees to be financially responsible for any and all consequential damages incurred by MDOT as a result of any errors and/or omissions attributed to the plans or to a failure of the CONSULTANT to otherwise perform in accordance with this Contract, as determined by the DRP and/or a Michigan court of competent jurisdiction.

The CONSULTANT and MDOT agree that during construction, time is of the essence in solving problems and avoiding delays. The CONSULTANT and MDOT specifically agree to resolve such problems first and afterwards to determine cause and financial responsibility. The CONSULTANT agrees to continue providing the SERVICES under this Contract in accordance with the Progress Schedule or Construction Schedule while participating in the DRP. The CONSULTANT also agrees to participate in the DRP without immediately seeking compensation and agrees that such compensation will be as is later determined by the DRP.

31. For the purposes of this Contract's provisions, a standing neutral (S/N) is defined as a technically trained, educated, and credentialed professional who is active in the planning, design, and construction disciplines. The standing neutral must be capable of objectively listening, analyzing, and evaluating construction related demands or claims which are in dispute.

The standing neutrals may be selected by MDOT and the CONSULTANT during the price negotiation process for each individual authorization.

Neither the CONSULTANT nor MDOT will replace its S/N without the prior written approval of the other. In the event that either MDOT or the CONSULTANT discovers that its selected S/N is no longer available, it will notify the other within five (5) working days. MDOT or the CONSULTANT will submit the name and a summary of the qualifications of its proposed replacement S/N within thirty (30) days of the time that it becomes aware that the previous S/N is no longer available. In the event that the CONSULTANT and MDOT are not able to reach agreement on the replacement S/N, MDOT may terminate this Contract.



32. The CONSULTANT and MDOT agree that MDOT will contract with the S/N(s) selected by both the CONSULTANT and MDOT. MDOT will reimburse the S/N(s) for hours worked at a rate established in the individual contract plus expenses, in accordance with Section 16(b), 16(f), and 16(h) and subject to all necessary approvals, including, but not limited to, the Michigan Department of Civil Service and the State Administrative Board. The CONSULTANT will reimburse MDOT for fifty percent (50%) of these costs. The contract and reimbursement of the third S/N, if any, will be subject to the provisions and limitations set forth in this section.
33. The CONSULTANT and MDOT specifically agree not to separately make contact with either S/N regarding contract/projected related matters without the presence or agreement of the other.
34. The CONSULTANT and MDOT specifically agree not to give or receive compensation, honorariums, gifts, or any transmittal of value to or from an S/N associated with this Contract or any other contract between these parties except as a part of the DRP.
35. With regard to nondiscrimination and DBE requirements:
- a. In connection with the performance of SERVICES under this Contract, the CONSULTANT (hereinafter in Appendix A referred to as the "contractor") agrees to comply with the State of Michigan provisions for "Prohibition of Discrimination in State Contracts," as set forth in Appendix A, dated June 2011, attached hereto and made a part hereof. This provision will be included in all subcontracts relating to this Contract.
  - b. During the performance of this Contract, the CONSULTANT, for itself, its assignees, and its successors in interest (hereinafter in Appendix B referred to as the "contractor"), agrees to comply with the Civil Rights Act of 1964, being P.L. 88-352, 78 Stat. 241, as amended, being Title 42 USC Sections 1971, 1975a-1975d, and 2000a-2000h-6, and the Regulations of the Department of Transportation (49 CFR Part 21) issued pursuant to said Act, including Appendix B, dated June 2011, attached hereto and made a part hereof. This provision will be included in all subcontracts relating to this Contract.
  - c. The CONSULTANT will carry out the applicable requirements of MDOT's DBE program and 49 CFR Part 26, including, but not limited to, those requirements set forth in Appendix C, dated October 1, 2005, attached hereto and made a part hereof.
36. Public Act 533 of 2004 requires that payments under this Contract and all AUTHORIZATIONS hereunder be processed by electronic funds transfer (EFT). The CONSULTANT is required to register to receive payments by EFT at the Contract & Payment Express website ([www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us)).

37. The CONSULTANT specifically agrees that in the performance of the SERVICES herein enumerated, by itself, by an approved subcontractor, or by anyone acting on its behalf, it will comply with any and all state, federal, and local statutes, ordinances, and regulations and will obtain all permits applicable to the entry into and performance of this Contract.
38. In addition to the protection afforded by any policy of insurance, the CONSULTANT agrees to indemnify and save harmless the State of Michigan, the Michigan State Transportation Commission, MDOT, the FHWA, and all officers, agents, and employees thereof:
- a. From any and all claims by persons, firms, or corporations for labor, materials, supplies, or services provided to the CONSULTANT in connection with the CONSULTANT's performance of the SERVICES; and
  - b. From any and all costs or claims for additional compensation or damages, or injuries to or death of any and all persons, for loss of or damage to property, for environmental damage, degradation, response and cleanup cost, including attorney fees and related costs, caused by errors and/or omissions attributable to the CONSULTANT's performance of the SERVICES under this Contract unless the CONSULTANT proves that notwithstanding the error or omission, the CONSULTANT met generally accepted standards of care. In addition to excusing consultants from liability for errors or omissions that the CONSULTANT proves occurred despite its compliance with generally accepted standards of care, the CONSULTANT will only be responsible for the percentage of the damages and costs that corresponds to the proportion of the total damages and costs caused by the errors and/or omissions attributable to the CONSULTANT for which the CONSULTANT is otherwise liable under this subparagraph.

MDOT will not be subject to any obligations or liabilities by contractors of the CONSULTANT or their subcontractors or any other person not a party to the Contract without its specific consent and notwithstanding its concurrence in or approval of the award of any contract or subcontract or the solicitation thereof.

It is expressly understood and agreed that the CONSULTANT will take no action or conduct that arises either directly or indirectly out of its obligations, responsibilities, and duties under this Contract that results in claims being asserted against or judgments being imposed against the State of Michigan, the Michigan State Transportation Commission, MDOT, and/or the FHWA, as applicable.

In the event that the same occurs, it will be considered as a breach of this Contract, thereby giving the State of Michigan, the Michigan State Transportation Commission, MDOT, and/or the FHWA, as applicable, a right to seek and obtain any necessary relief or remedy, including, but not limited to, a judgment for money damages.

39. The CONSULTANT's signature on this Contract constitutes the CONSULTANT's certification of "status" under penalty of perjury under the laws of the United States with respect to 49 CFR Part 29, as amended and as relocated to 2 CFR Part 1200, pursuant to Executive Order 12549.

The certification included as a part of this Contract as Attachment A is Appendix A of 49 CFR Part 29 and applies to the CONSULTANT (referred to in Appendix A as "the prospective primary participant").

The CONSULTANT is responsible for obtaining the same certification from all subcontractors under this Contract by inserting the following paragraph in all subcontracts:

"The subcontractor's signature on this Contract constitutes the subcontractor's certification of 'status' under penalty of perjury under the laws of the United States with respect to 49 CFR Part 29, as amended and as relocated to 2 CFR Part 1200, pursuant to Executive Order 12549. The certification included as a part of this Contract as Attachment B is Appendix B of 49 CFR Part 29."

This certification is required of all subcontractors, testing laboratories, and other lower tier participants with whom the CONSULTANT enters into a written arrangement for the procurement of goods or services provided for in this Contract.

40. The CONSULTANT's signature on this Contract constitutes the CONSULTANT's certification that to the best of his or her knowledge and belief no federal appropriated funds have been paid or will be paid by or on behalf of the undersigned to any person for influencing or attempting to influence an officer or employee of any federal agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

The CONSULTANT will require that the language of this certification be included in the award documents for all third-party agreements (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients will certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification will be subject to a civil penalty of not less than Ten Thousand Dollars (\$10,000.00) and not more than One Hundred Thousand Dollars (\$100,000.00) for each such failure.

41. In accordance with 1980 PA 278, MCL 423.321 *et seq.*, the CONSULTANT, in the performance of this Contract, will not enter into a contract with a subcontractor, manufacturer, or supplier listed in the register maintained by the United States Department of Labor of employers who have been found in contempt of court by a federal court of appeals on not less than three (3) separate occasions involving different violations during the preceding seven (7) years for failure to correct an unfair labor practice, as prohibited by Section 8 of Chapter 372 of the National Labor Relations Act, 29 USC 158. MDOT may void this Contract if the name of the CONSULTANT or the name of a subcontractor, manufacturer, or supplier utilized by the CONSULTANT in the performance of this Contract subsequently appears in the register during the performance of this Contract.
42. For contracts in excess of One Hundred Thousand Dollars (\$100,000.00):
- a. The CONSULTANT stipulates that any facility to be utilized in the performance of this Contract, unless such contract is exempt under the Clean Air Act, as amended (42 USC 7401 *et seq.*, as amended, including Pub. L. 101-549), and under the Clean Water Act, as amended (33 USC 1251 *et seq.*, as amended, including Pub. L. 100-4), and/or under Executive Order 11738 and regulations in implementation thereof (40 CFR Part 15), is not listed on the date of contract award on the U.S. Environmental Protection Agency (EPA) List of Violating Facilities pursuant to 40 CFR Part 15.20.
  - b. The CONSULTANT agrees to comply with all the requirements of the Clean Air Act and the Clean Water Act and all regulations and guidelines listed thereunder related to the CONSULTANT and the SERVICES under this Contract.
  - c. The CONSULTANT will promptly notify MDOT and the U.S. EPA, Assistant Administrator for Enforcement, of the receipt of any communication from the Director, Office of Federal Activities, EPA, indicating that a facility to be utilized for this Contract is under consideration to be listed on the EPA List of Violating Facilities.
  - d. The CONSULTANT agrees to include or cause to be included the requirements of the preceding three (3) paragraphs, (a), (b), and (c), in every nonexempt subcontract.
43. The CONSULTANT agrees that no otherwise qualified individuals with disabilities in the United States, as defined in Section 1630.2 of the Americans with Disabilities Act, Title 42 USC 12101, will, solely by reason of their disabilities, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving benefits under this Contract.

44. The CONSULTANT agrees that it will not volunteer, offer, or sell its services to any litigant against MDOT with respect to any SERVICES it has agreed to perform for MDOT under this Contract, provided that this provision will not apply either when the CONSULTANT is issued a valid subpoena to testify in a judicial or administrative proceeding or when the enforcement of this provision would cause the CONSULTANT to be in violation of any Michigan or federal law.
45. Any approvals, reviews, and inspections of any nature by MDOT will not be construed as a warranty or assumption of liability on the part of MDOT. It is expressly understood and agreed that any such approvals are for the sole and exclusive purposes of MDOT, which is acting in a governmental capacity under this Contract, and that such approvals are a governmental function incidental to the professional services under this Contract.

Any such approvals, reviews, and inspections by MDOT will not relieve the CONSULTANT of its obligations hereunder, nor are such approvals, reviews, and inspections by MDOT to be construed as a warranty as to the propriety of the CONSULTANT's performance, but are undertaken for the sole use and information of MDOT.

46. With regard to claims based on goods or services that were used to meet the CONSULTANT's obligation to MDOT under this Contract, the CONSULTANT hereby irrevocably assigns its right to pursue any claims for relief or causes of action for damages sustained by the State of Michigan or MDOT due to any violation of 15 USC, Sections 1 - 15, and/or 1984 PA 274, MCL 445.771 - 445.788, excluding Section 4a, to the State of Michigan or MDOT.

The CONSULTANT shall require any subcontractors to irrevocably assign their rights to pursue any claims for relief or causes of action for damages sustained by the State of Michigan or MDOT with regard to claims based on goods or services that were used to meet the CONSULTANT's obligation to MDOT under this Contract due to any violation of 15 USC, Sections 1 - 15, and/or 1984 PA 274, MCL 445.771 - 445.788, excluding Section 4a, to the State of Michigan or MDOT as a third-party beneficiary.

The CONSULTANT shall notify MDOT if it becomes aware that an antitrust violation with regard to claims based on goods or services that were used to meet the CONSULTANT's obligation to MDOT under this Contract may have occurred or is threatened to occur. The CONSULTANT shall also notify MDOT if it becomes aware of any person's intent to commence, or of commencement of, an antitrust action with regard to claims based on goods or services that were used to meet the CONSULTANT's obligation to MDOT under this Contract.

47. Award of this Contract will not in any manner provide for or imply any agreement on the part of MDOT to assign and authorize any specific amount of professional services to the CONSULTANT for performance.

48. No member, officer, or employee of the CONSULTANT during his/her tenure or one (1) year thereafter will have any interest, direct or indirect, in this Contract or the proceeds hereof.
49. The CONSULTANT agrees not to provide any services to a construction contractor for a project for which the CONSULTANT has provided SERVICES to MDOT.

The CONSULTANT and its Affiliates agree not to have any public or private interest, and shall not acquire directly or indirectly any such interest in connection with the project, that would conflict or appear to conflict in any manner with the performance of the SERVICES under this Contract. "Affiliate" means a corporate entity linked to the CONSULTANT through common ownership. The CONSULTANT and its Affiliates agree not to provide any services to a construction contractor or any entity that may have an adversarial interest in a project for which it has provided services to MDOT. The CONSULTANT and its Affiliates agree to disclose to MDOT all other interests that the prime or sub consultants have or contemplate having during each phase of the project. The phases of the project include, but are not limited to, planning, scoping, early preliminary engineering, design, and construction. In all situations, MDOT will decide if a conflict of interest exists. If MDOT concludes that a conflict of interest exists, it will inform the CONSULTANT and its Affiliates. If the CONSULTANT and its Affiliates choose to retain the interest constituting the conflict, MDOT may terminate the Contract for cause in accordance with the provisions stated in this Contract.

50. The CONSULTANT warrants that it has not employed or retained any company or person other than bona fide employees working solely for the CONSULTANT to solicit or secure this Contract and that it has not paid or agreed to pay any company or person other than bona fide employees working solely for the CONSULTANT any fee, commission, percentage, brokerage fee, gift, or other consideration contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, MDOT will have the right to annul this Contract without liability or, at its discretion, to deduct from the contract price or consideration or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.
51. Any public relations communications and/or products pertaining to this Contract or the SERVICES hereunder that are intended for an external audience will not be made without prior written approval from MDOT, and then only in accordance with explicit instructions from MDOT. Examples of public relations communications and/or products may include the following:
  - a. Use of the MDOT logo;
  - b. Brochures, flyers, invitations, programs, or any other printed materials intended for an external audience;
  - c. Postings on social media sites or Web sites;

- d. New or updated video, digital versatile disk (DVD), or video sharing productions;
- e. Exhibits or presentations.

A violation of this provision constitutes a breach of this Contract and the prequalification rules, and MDOT may terminate this Contract under the provisions of Section 24(b).

- 52. This Contract will take effect upon award and will expire three (3) years thereafter. This Contract may be extended by a written time extension amendment prepared and issued by MDOT. The CONSULTANT's signature on this Contract constitutes the CONSULTANT's specific agreement that all provisions of this Contract, unless otherwise amended, are continued through any time period for which the Contract is extended by way of such a time extension amendment. Any such extension will not operate as a waiver by MDOT of any of its rights herein set forth.

Any AUTHORIZATION will take effect upon issuance by MDOT and will expire on the expiration date stated in that AUTHORIZATION, but no later than the expiration date of this Contract.

- 53. In case of any discrepancy between the body of this Contract and any exhibit hereto, the body of the Contract will govern. In case of any discrepancy between the body of this Contract and any AUTHORIZATION hereunder, the body of the Contract will govern.

54. This Contract will become binding on the parties and of full force and effect upon signing by the authorized representatives of the CONSULTANT and MDOT and upon adoption of a resolution approving said Contract and authorizing the signature(s) thereto of the respective official(s) of the CONSULTANT, a certified copy of which resolution will be sent to MDOT with this Contract, as applicable.

«VENDOR»

By: \_\_\_\_\_  
Authorized Signer

MICHIGAN DEPARTMENT OF TRANSPORTATION

By: \_\_\_\_\_  
for Department Director



Michigan Department  
of Transportation  
5180 (05/14)

*Exhibit A*  
**Contract Services Division**  
**ACCEPTANCE OF PRICED PROPOSAL &**  
**AUTHORIZATION FOR CONSULTANT TO PROCEED**

*FORM USE: Multiple Vendors; Actual Cost, Actual Cost + FF, Loaded Hourly Rate,  
Lump Sum Payment Methods*

*COPIES: Office of Commission Audits, Project Managers, Consultant Files, Subconsultant Analyst*

CONTRACT NO.	AUTHORIZATION & REVISION NO.	IDS CONTRACT EFFECTIVE DATE	IDS CONTRACT/AUTHORIZATION EXPIRATION DATE
AUTHORIZED CONSULTANT AND ADDRESS		CONSULTANT'S PRIMARY CONTACT	
		PHONE NO.	FAX NO.
		E-MAIL ADDRESS	
MDOT PROJECT MANAGER		REGION/TSC	MAIL CODE
PHONE NO.	FAX NO.	PRIMARY PREQUALIFICATION CLASSIFICATION:	
E-MAIL ADDRESS			
SERVICE DESCRIPTION & LOCATION / Page(s) (1 to )			

CS NO.	JOB NO.	% FEDERAL	PCA CODE	INDEX CODE
CUMULATIVE QA/QC TOTAL COST		CONSTRUCTION COST	% OF COST	SELECTION TYPE
SERVICE COMPLETION DATE	SELECTION APPROVAL DATE	COMMENTS:	DBE REQUIRED	%
			DBE PRIME	<input type="checkbox"/>

SUMMARY OF COST		Federal Regulation requires the Prime Consultant maintain the DBE %, per the original RFP, throughout the life of the project.	
VENDOR NAMES	DBE %	BASIS OF PAYMENT	HOURS
PRIME	%		
SUB 1	%		
SUB 2	%		
SUB 3	%		
SUB 4	%		
SUB 5	%		
SUB 6	%		

							TOTAL # OF HOURS	
VENDOR	DIRECT LABOR	OVERHEAD	FCC MONEY	OTHER DIRECT COSTS	FIXED FEE	OTHER COSTS	AUTHORIZED AMOUNT	AUTHORIZED TO DATE
PRIME								
SUB 1								
SUB 2								
SUB 3								
SUB 4								
SUB 5								
SUB 6								
TOTAL								

Cumulative Fixed Fee Amount Authorized to Date:

COMPLETED BY:	DATE COMPLETED:	CK'D BY:
AUTHORIZED BY:	DATE EXECUTED:	

## **EXHIBIT B**

### **PROFESSIONAL LIABILITY INSURANCE**

**June 27, 1996**

The consultant specifically agrees to maintain professional liability insurance for protection from claims arising out of the performance of services under this contract.

This insurance will be maintained in an amount not less than One Million Dollars (\$1,000,000.00) per claim and annual aggregate. Such insurance will be in effect for the life of this contract and for the period through the construction and Department acceptance of such construction, resulting from the services provided by this contract, whichever is later.

As evidence of said coverage, the consultant will submit to the Department certificates of insurance. All required insurance will be in effect and all documents required by this section will be submitted to the Department prior to the commencement of the services. All such approvals will include a provision for a cancellation notice of not less than thirty (30) days, directed to the Department. The consultant specifically agrees to immediately provide written notification of any change to its professional liability insurance coverage.

## **EXHIBIT C**

### **THE DISPUTE RESOLUTION PROCESS**

**January 6, 2000**

#### **BACKGROUND**

During the design and construction phases of projects, there are quality assurance and quality assessment procedures required of consultants and the Department that are intended to minimize the occurrence of errors and/or omissions. Even so, there are often valid changes required during construction in order to complete the project. These changes may or may not be the result of the Design or Construction Engineering Consultant's errors or omissions.

Some of the changes may be due to errors and/or omissions in the Design Plans or Construction Engineering Services resulting in cost increases to the project or degradation of quality of the road project. When changes to a project result in errors or omissions and cause additional costs or reduction in quality, an assessment must be made to determine the extent of the Design and/or Construction Engineering consultant's responsibility for the errors and/or omissions, including the consultant's share of the additional costs.

Department personnel must keep in mind that Design Plans and Construction Engineering Services will normally contain minor deficiencies that do not materially affect the cost or quality of the project. The steps to assign responsibility are intended to be used in those cases where Department personnel have reason to believe that, in their professional judgment, a Design and/or Construction Engineering Consultant did not adhere to recognized professional standards of care in the performance of its duties, resulting in substantial additional costs to the Department.

It is also important to understand that the cost of correcting an error and/or omission should be compared to the estimated first-time cost that would have been incurred had the services or contract documents been correct to begin with. For example, the omission of a pay item that has to be added during construction will cause an increase in the construction cost, but the cost would have been higher had the pay item been included from the beginning. In this case, the cost of the omission depends on how much more it costs to include the item during construction than it would have cost had the item been included when the project was bid. Another example is improper or missing testing documentation. In this case, the cost of the omission depends on whether or not the quality of the construction was affected by the missing documentation.

#### **THE PROCESS – OVERVIEW**

The new policy of the Bureau of Highways is that projects will be built as designed and let. Furthermore, field staff will not revise the design for purposes of enhancement or personal choice. In the event the project cannot be practically built or let as designed, due to omissions or errors, then the steps of this procedure will govern.

There are three (3) possible categories of potential errors, omissions, or questions of a material nature. The first is when potential errors, omissions, or questions of a material nature are related to

the Design Plans only. In this case, the RE/PE will contact the DPM. These events will be referred to as "Design Issues" until such time as the cause, effect, and responsibility have been determined. *[Any issue is material when the cost of the error and/or omission is perceived to be greater than the administrative cost of the dispute resolution process.]*

The second case is when it cannot be determined whether the potential errors, omissions, or questions of a material nature are encountered in the Construction Engineering Services or in the Design Plans. In this case, the RE/PE will contact the DPM. These events will be referred to as "Construction Engineering/Design Issues" until such time as the cause, effect, and responsibility have been determined.

The third case is when the potential errors, omissions, or questions of a material nature are encountered in Construction Engineering Services and not related to the Design Plans. In this case, the RE/PE will decide if the issue is a material or not. These events will be referred to as "Construction Engineering Issues" until such time as the cause, effect, and responsibility have been determined.

In the event that the RE/PE decides that the Design and/or Construction Engineering Issue is not material, the RE/PE will proceed unilaterally. A copy of the Design Issue decision, changes, and/or other relevant documents must be sent immediately to the DPM, Construction and Technology Division, and the Construction Engineering Consultant, if applicable. Typically, this will be a facsimile of the work order. The DPM will forward these decisions, changes, and/or other documents to the Design Consultant. This step is important for two reasons. First, the DPM, the Design Consultant, and/or the Construction and Technology Division will have an opportunity to review the change and take action if they disagree. Second, this will give an opportunity for everyone to learn of the deficiencies in order to improve the product in the future.

In the event that the RE/PE is uncertain regarding the designer's intent, he/she must contact DPM to determine that intent. The DPM will contact the consultant staff when appropriate.

The process will initially focus on solving the problem with the objective of minimizing the impact on construction. After that, the process will focus on responsibility according to the multi-step procedure that follows. The step of determining responsibility must be taken any time the Design and/or Construction Engineering Consultant is brought into the process and incurs costs. These steps must also be taken any time errors and/or omissions in consultant prepared Design Plans or Construction Engineering Services result in increased cost during construction or decrease in the quality of the project.

The determination of the degree of responsibility for substandard work must include a review of the consultant's scope of work, the standards in effect when the work was done, design information provided to the consultant, and directions provided by the Department. In making this determination, the DPM and the RE/PE must discuss the error and/or omission with the consultant and any involved department personnel to obtain all information and points of view. The DPM and the RE/PE are to make a record of conversations and other documentation that support whatever determination is made and then place copies of those records in the project files.

Separate budgets will be created for payment to Design and Construction Engineering Consultants for their correction of Design or Construction Engineering Issues that are judged not be their responsibility and for changes by the DPM and RE/PE for their activities during this ADR process. These funds will be "A" phase but separate from the Construction Engineering funds.

## **PROCESS – DISPUTE RESOLUTION**

At each level of these proceedings, the first focus should be on resolving the Design or Construction Engineering Issue in order to minimize the impact on construction. MDOT and the consultant will attempt to jointly determine the solution. In the event that such agreement cannot be reached, MDOT alone will decide on the appropriate solution. In the event that the Design and/or Construction Engineering Consultant does not agree with any of these decisions, it may appeal its financial responsibility to the next level. After the Design or Construction Engineering Issue is resolved, the focus shifts to responsibility and financial implications.

MDOT will be represented by Design Division, Construction and Technology Division, and/or the Region at these meetings, as appropriate. All decisions must be completely agreed upon by the representatives of the Department. The dollar limits for decision authority are the same as those established by the State Administrative Board and the State Transportation Commission for the Construction Contract "Overrun & Extra" process.

**LEVEL ONE** - This level of meetings is the first step in the resolution process. The people involved at these meetings are the operational staff who are directly involved in the project. Staff from the RE/PE, DPM, and the Design and/or Construction Engineering Consultant should be included, with staff from the FHWA as observers. This group is empowered to resolve Design and/or Construction Engineering Issues, alter construction of the project, and assign responsibility for the Design and/or Construction Engineering Issue and its consequences up to established dollar limits. Beyond those limits, the issue moves immediately to LEVEL TWO.

**LEVEL ONE - A** - Find the solution first; focus only on the problem and the resolution of that problem. In the event that agreement on the solution to the issue is reached, this group proceeds to responsibility and financial implications. In the event that the RE/PE and the DPM do not agree on a solution to a Design Issue, the issue moves immediately to LEVEL TWO.

**LEVEL ONE - B** - After the solution is agreed upon and construction resumes or continues, this same group shifts its focus to responsibility and financial implications. This step begins with an exchange of information and then meetings/negotiations. In the event that agreement is reached on a Design Issue, the DPM processes a letter of agreement to be signed by the Design Consultant and the Department. The Design unit leader signs for MDOT, up to established dollar limits. In the event that agreement is reached on a Construction Engineering Issue, the RE/PE processes a letter of agreement to be signed by the Construction Engineering Consultant and the Department. RE/PE signs for MDOT, up to established dollar limits. For issues involving both Design and Construction, the RE/PE processes a letter of agreement to be signed by the Construction Engineering Consultant, the

Design Consultant, and the Department. RE/PE signs for MDOT, up to established dollar limits.

**LEVEL TWO** - This is an appeal level of meetings and includes the upper management of the same organizations, the Construction and Technology Division, the Design Division, and the Design and/or Construction Engineering Consultant, with staff from the FHWA as observers. The staff involved in LEVEL ONE are not involved in the decision at this level; however, they are included in this process for informational purposes.

**LEVEL TWO - A** - In the event that agreement on the *solution* is not reached at LEVEL ONE, the decision is appealed to upper management within MDOT and the consulting firm(s). MDOT and the consultant will attempt to determine the solution; however, in the event that such agreement cannot be reached, MDOT alone will decide on the appropriate solution to the issue.

**LEVEL TWO - B** - In the event that agreement on *responsibility* is not reached at LEVEL ONE, the decision is appealed to upper level management within MDOT and the consulting firm. In the event that the consultant and MDOT agree on responsibility, the Engineer of Design or Construction and Technology, as appropriate, processes a letter of agreement to be signed by all parties. In the event that agreement regarding responsibility is not reached at this level, the issue is appealed to LEVEL THREE.

**LEVEL THREE** - In the event that some or all of the dispute is not resolved at LEVEL TWO, the unresolved issues will move to LEVEL THREE of the ADR process. The Department and the consultant will notify the pre-selected PANEL that its services are required. The PANEL will attempt to guide the Department and the consultant toward an agreement. The staff from the FHWA will also be present as observers. At such time as the PANEL determines that the Department and the consultant are not making reasonable progress toward resolving one or more issues, the PANEL will render a non-binding written decision of those issues.

Upon the conclusion of the ADR process, MDOT will do one of the following in accordance with the results of the ADR process:

- a. The DPM or RE/PE will prepare a billing to the Design or Construction Engineering Consultant for its share of the MDOT costs incurred for work performed during the ADR process plus its share of any increased costs of construction, in accordance with the Design Consultant's determined share of responsibility; or
- b. The DPM or RE/PE will prepare a payment to the Design or Construction Engineering Consultant for a share of its costs incurred for work performed during the ADR process in accordance with its determined share of responsibility.

## APPENDIX A

### PROHIBITION OF DISCRIMINATION IN STATE CONTRACTS

In connection with the performance of work under this contract; the contractor agrees as follows:

1. In accordance with Public Act 453 of 1976 (Elliott-Larsen Civil Rights Act), the contractor shall not discriminate against an employee or applicant for employment with respect to hire, tenure, treatment, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, or marital status. A breach of this covenant will be regarded as a material breach of this contract. Further, in accordance with Public Act 220 of 1976 (Persons with Disabilities Civil Rights Act), as amended by Public Act 478 of 1980, the contractor shall not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. A breach of the above covenants will be regarded as a material breach of this contract.
2. The contractor hereby agrees that any and all subcontracts to this contract, whereby a portion of the work set forth in this contract is to be performed, shall contain a covenant the same as hereinabove set forth in Section 1 of this Appendix.
3. The contractor will take affirmative action to ensure that applicants for employment and employees are treated without regard to their race, color, religion, national origin, age, sex, height, weight, marital status, or any disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Such action shall include, but not be limited to, the following: employment; treatment; upgrading; demotion or transfer; recruitment; advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
4. The contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, age, sex, height, weight, marital status, or disability that is unrelated to the individual's ability to perform the duties of a particular job or position.
5. The contractor or its collective bargaining representative shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising such labor union or workers' representative of the contractor's commitments under this Appendix.
6. The contractor shall comply with all relevant published rules, regulations, directives, and orders of the Michigan Civil Rights Commission that may be in effect prior to the taking of bids for any individual state project.

7. The contractor shall furnish and file compliance reports within such time and upon such forms as provided by the Michigan Civil Rights Commission; said forms may also elicit information as to the practices, policies, program, and employment statistics of each subcontractor, as well as the contractor itself, and said contractor shall permit access to the contractor's books, records, and accounts by the Michigan Civil Rights Commission and/or its agent for the purposes of investigation to ascertain compliance under this contract and relevant rules, regulations, and orders of the Michigan Civil Rights Commission.
8. In the event that the Michigan Civil Rights Commission finds, after a hearing held pursuant to its rules, that a contractor has not complied with the contractual obligations under this contract, the Michigan Civil Rights Commission may, as a part of its order based upon such findings, certify said findings to the State Administrative Board of the State of Michigan, which State Administrative Board may order the cancellation of the contract found to have been violated and/or declare the contractor ineligible for future contracts with the state and its political and civil subdivisions, departments, and officers, including the governing boards of institutions of higher education, until the contractor complies with said order of the Michigan Civil Rights Commission. Notice of said declaration of future ineligibility may be given to any or all of the persons with whom the contractor is declared ineligible to contract as a contracting party in future contracts. In any case before the Michigan Civil Rights Commission in which cancellation of an existing contract is a possibility, the contracting agency shall be notified of such possible remedy and shall be given the option by the Michigan Civil Rights Commission to participate in such proceedings.
9. The contractor shall include or incorporate by reference, the provisions of the foregoing paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Michigan Civil Rights Commission; all subcontracts and purchase orders will also state that said provisions will be binding upon each subcontractor or supplier.

Revised June 2011



## APPENDIX B TITLE VI ASSURANCE

During the performance of this contract, the contractor, for itself, its assignees, and its successors in interest (hereinafter referred to as the "contractor"), agrees as follows:

1. **Compliance with Regulations:** For all federally assisted programs, the contractor shall comply with the nondiscrimination regulations set forth in 49 CFR Part 21, as may be amended from time to time (hereinafter referred to as the Regulations). Such Regulations are incorporated herein by reference and made a part of this contract.
2. **Nondiscrimination:** The contractor, with regard to the work performed under the contract, shall not discriminate on the grounds of race, color, sex, or national origin in the selection, retention, and treatment of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices, when the contractor covers a program set forth in Appendix B of the Regulations.
3. **Solicitation for Subcontracts, Including Procurements of Materials and Equipment:** All solicitations made by the contractor, either by competitive bidding or by negotiation for subcontract work, including procurement of materials or leases of equipment, must include a notification to each potential subcontractor or supplier of the contractor's obligations under the contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
4. **Information and Reports:** The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and facilities as may be determined to be pertinent by the Department or the United States Department of Transportation (USDOT) in order to ascertain compliance with such Regulations or directives. If required information concerning the contractor is in the exclusive possession of another who fails or refuses to furnish the required information, the contractor shall certify to the Department or the USDOT, as appropriate, and shall set forth the efforts that it made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the Department shall impose such contract sanctions as it or the USDOT may determine to be appropriate, including, but not limited to, the following:
  - a. Withholding payments to the contractor until the contractor complies; and/or
  - b. Canceling, terminating, or suspending the contract, in whole or in part.

6. **Incorporation of Provisions:** The contractor shall include the provisions of Sections (1) through (6) in every subcontract, including procurement of material and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the Department or the USDOT may direct as a means of enforcing such provisions, including sanctions for non-compliance, provided, however, that in the event a contractor becomes involved in or is threatened with litigation from a subcontractor or supplier as a result of such direction, the contractor may request the Department to enter into such litigation to protect the interests of the state. In addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Revised June 2011

(Revised October 1, 2005)

### APPENDIX C

#### Assurances that Recipients and Contractors Must Make (Excerpts from US DOT Regulation 49 CFR § 26.13)

- A. Each financial assistance agreement signed with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any US DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The recipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of US DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR Part 26 and as approved by US DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

- B. Each contract MDOT signs with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, subrecipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of US DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.



## INSTRUCTIONS

### PRIME CONSULTANT OR AUTHORIZED REPRESENTATIVE:

This statement reports the actual dollar amounts of the project cost earned by and paid to DBE subconsultants. Complete and submit to the Payment Analyst with each billing and within 20 days of receipt of final payment. Some forms may be blank if no payment was made since the previous billing.

For "Contract No., Authorization No.," and "Job No." as appropriate, use the numbers assigned by MDOT.

For "Period Covered," report the calendar days covered by the billing.

For "Services Work Performed" report the main service performed by the subconsultant during the reporting period.

For "Total Contract Amount" report the total amount of the contract between the prime consultant and the subconsultant.

For "Cumulative Dollar Value of Services Completed" report the total amount the subconsultant has earned since beginning this project.

For "Deductions," report deductions made by the prime consultant to the subconsultant's "Cumulative Dollar Value of Services Completed" for retainage, bond or other fees, materials, services or equipment provided to the subconsultant according to mutual, prior agreement (documentation of such agreement may be required by MDOT).

For "Actual Amount Paid to Date," report cumulative actual payments made to the subconsultant for services completed.

For "Actual Amount Paid During this Report Period" report actual payments made to the subcontractor for services during this reporting period.

"Provide "DBE Authorized Signature" for final payment only.

Be sure to sign, title and date this statement.

### MDOT PAYMENT ANALYST:

Complete "Comments" if necessary, sign date and forward to the Office of Business Development within seven (7) days of receipt.

MDOT Office of Business Development  
P.O. Box 30050  
Lansing, Michigan 48909  
Questions about this form? Call Toll-free, 1-866-DBE-1264

**Attachment A**  
(This is a reproduction of Appendix A of 49 CFR Part 29)  
**Certification Regarding Debarment, Suspension, and Other  
Responsibility Matters -- Primary Covered Transactions**

Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the

covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions

1. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
  - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
  - b. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
  - d. Have not within a three year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

[60 FR 33042, 33064, June 26, 1995]

## ATTACHMENT B

[This is a reproduction of Appendix B of 49 CFR Part 29]  
CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY,  
AND VOLUNTARY EXCLUSION--LOWER TIER COVERED TRANSACTIONS

### Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction", "debarred", "suspended", "ineligible", "lower tier covered transaction", "participant", "person", "primary covered transaction", "principal", "proposal", and "voluntarily excluded", as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion--Lower Tier Covered Transaction", without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (Telephone No. (517) 335-2513 or (517) 335-2514).



8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department, or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion--Lower Tier Covered Transactions

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.