



# **Contract Services**

## **Informational Meeting**

March 30, 2018

MDOT



Reviewing contract timelines to provide PMs an understanding of how long the selection/contract authorization process generally takes and where the time is spent.

There has been a recent change in the as-needed selection process due to Code of Federal Regulations. The change was first discussed in Consultant Advisory 2018-2 (January 12, 2018) and associated Project Manager listserv e-mail also sent 1/12/18. In addition, the Consultant Advisory discussed a change in payment of the fixed fee associated with project-specific as-needed contracts.

This presentation will review these items.

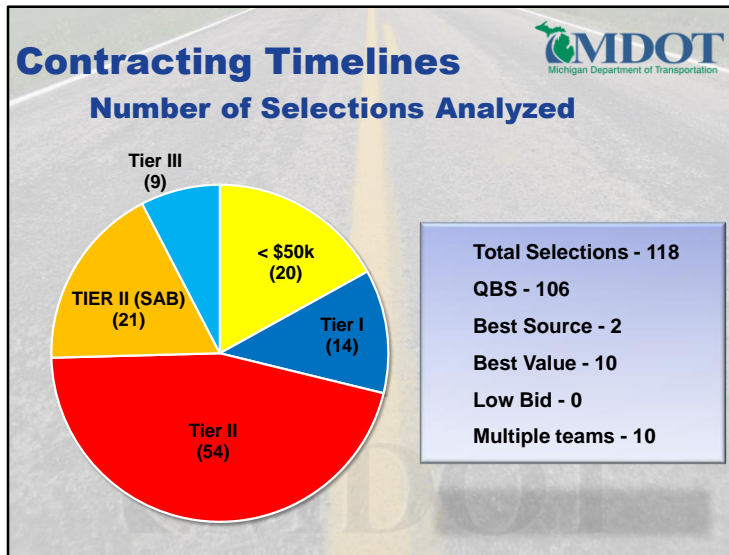
## **Contracting Timelines**



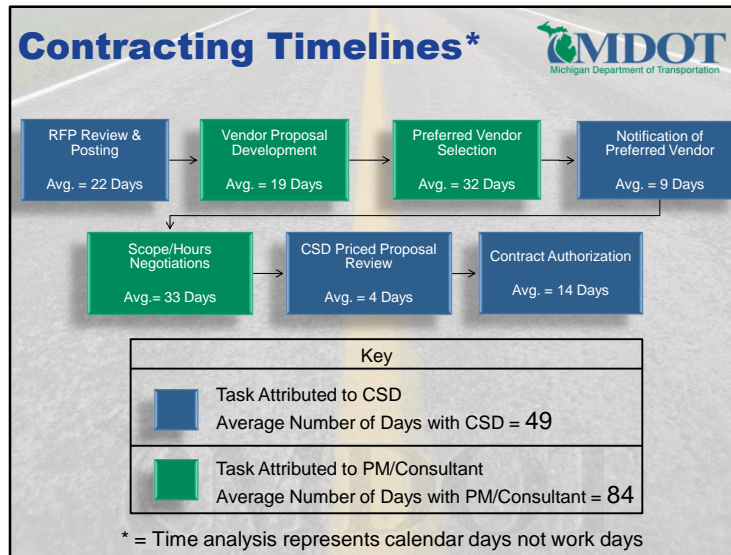
### **Contracting Timeline Analysis**

- Tracked contracting timeline for every solicitation from submittal of RFP to CSD to authorization of contract
- Analysis includes an entire year of data from December 2016 thru November 2017

In an effort to provide an understanding of the contracting timelines, CSD is tracking every RFP from the time it is submitted to CSD for review to the time the contract has been authorized. This RFP tracking was initiated in December of 2016 and continues to this day. The results provided in this presentation reflect the analysis of these timelines through November of 2017.



Between December 2016 and November 2017, a total of 118 RFPs went through the CSD selection/contracting process. This pie chart provides a breakdown of those RFP's by tier. Please note, Tier II (SAB) represents RFPs with anticipated contracted value equal to, or greater than \$500,000. These RFPs were separated from the overall Tier II RFPs because they are required to be reviewed and approved by the State Administrative Board.



RFP Review & Posting = time from CSD receipt of draft RFP to date posted on web

Vendor Proposal Development = time when vendor developing their response to RFP

Preferred Vendor Selection = time between RFP due date and CSD receipt of selected vendor

Notification of Preferred Vendor = time between CSD receipt of selected vendor and CSD posting selected vendor to website (note: this time includes CSRT and Region Engineer review time)

Scope/Hours Negotiations = time between CSD posting of selected vendor and CSD receipt of COMPLETE priced proposal – many times incomplete priced proposals are submitted to CSD (i.e. missing signatures, incomplete 5105, equations changed on priced proposal spreadsheet resulting in incorrect totals, missing 5102, missing scopes for additional services, etc.)

CSD Priced Proposal Review = time for CSD review of priced proposal, includes OCA review time

Contract Authorization = time from approval of priced proposal to authorization of contract, includes Board reviews/approvals, OCA/AG approval, mailing time)

## Contracting Timelines



### Process Modifications to Improve Contracting Efficiency:

- Reduction in contracts that require Ad Board Approval
- Consistent application of priced proposal and other contracting documents
- Simplification of Tier III As-Needed selections when 3 or more consultants are chosen
- Approval of Tier II selections by Region/Bureau's rather than CSRT
- Digital signature of consultant contracts

## As-Needed Selections



- Recent modifications to these selections
  - Second Tier Selection
  - Vendor Fixed Fee Payment

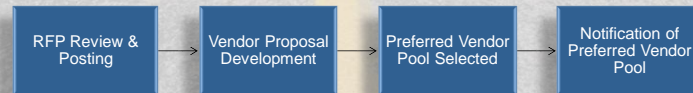
## As-Needed Selections Second Tier Selection



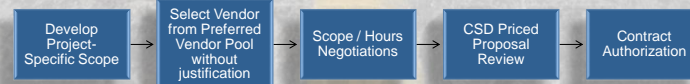
Previous As-Needed  
Selection Process:

Select multiple vendors during initial  
selection, then choose vendor from initial  
selection to perform specific tasks

Step 1 (PE Phase Shown):



Step 2 (PE Phase Shown):





## **As-Needed Selections**

### **Second Tier Selection**



#### **Concern with Previous As-Needed Selection Process**

- MDOT Service Procurement must comply with 23 CFR 172.9(a)(3)(iv)(B)(1) which states:  
“If multiple consultants are to be selected and multiple on-call or IDIQ contracts awarded through a single solicitation...each specific task or work order shall be awarded to the selected, qualified consultants through an additional qualifications-based selection procedure, which may include, but does not require, a formal RFP.”

So what does this mean? Essentially, we were satisfying the requirement to perform a qualifications-based selection for the initial as-needed selection to develop the “pool” of available consultants, but we need to comply with the requirement to document a second selection to determine the most qualified vendor for each individual assignment.

Note: “CFR” is the “Code of Federal Regulations”. This is the codification of the general and permanent rules and regulations (aka “administrative law”) published in the Federal Register by the executive department and agencies of the federal government. It provides regulations for the solicitation and procurement of services with federal funding, among other things.

“IDIQ” = indefinite delivery/indefinite quantity. This type of contract provides for an indefinite quantity of supplies or services during a fixed period of time.

## As-Needed Selections



### Second Tier Selection

When multiple vendors are selected on an initial as-needed selection, a second selection must be performed to determine the most qualified vendor for each specific assignment.

➤ Exceptions to the use of the second-tier selection:

- When specific locations (i.e. Region or TSC coverage area) are assigned to specific vendors on the initial selection
- When unique items of work are assigned to specific vendors on the initial selection
- When the total project value does not exceed \$150,000 and the initial RFP was advertised as an under \$50,000 or Tier I selection.



## As-Needed Selections

### Second Tier Selection

Methods of Performing the Second-Tier Selection

Option 1: MDOT PM requires pool of as-needed vendors to submit a “Statement of Qualifications” in response to the specific task assignment

Option 2: The MDOT PM determines the most qualified vender from the pool of as-needed vendors based upon the vendor’s initial response to the as-needed services RFP



The “Statement of Qualifications” is intended to be a small effort for both the vendor and for the PM. CSD has provided the example of requesting a single page SOQ from the vendor. The SOQ should be reviewed/evaluated by the PM to select the most qualified vendor.

For both selection methods: A separate selection committee does not need to be created/utilized to select the most qualified vendor – the PM can make the determination. A 5100E (Central Selection Review Team Action Sheet) does not need to be filled out/submitted to CSD Selections.

## As-Needed Selections Second Tier Selection



8.22.18

**Multi-Vendor As-Needed Service**  
**Consultant Work Order Selection Process**

☐ **Option 1:**

MDOT will prepare an individual scope of services for each service request including control section, project location, project ID number, and description of services requested.

Each vendor will submit a **one page** "Statement of Qualifications" in response to the scope of services describing the vendor's qualifications related to the service request within 2 business days to the MDOT Project Manager.

The **one page** "Statement of Qualifications" (SOQ) will include (check all that apply)

- ☐ Understanding of Service
- ☐ Past performance of similar types of services
- ☐ Key personnel available for **immediate work**
- ☐ QA/QC personnel available for **immediate work**
- ☐ Location

The MDOT Project Manager will evaluate these SOQ's and select the most qualified vendor. The MDOT Project Manager will notify the vendor's Project Manager upon selection.

☐ **Option 2:**

The most qualified vendor will be determined by the MDOT Project Manager based upon the initial as-needed services RFP solicitation response provided by the vendor.

\* Excerpt from Generic Scope of Services available on the CSD Intranet Page

MDOT PMs need to identify the chosen method for the second tier selection at the time of initial RFP advertisement. CSD has developed sample language for the PM to use in the various generic scopes. The PM can select the box next to their chosen method of second-tier selection prior to submitting their draft scope to CSD for review.



I know many people thought it couldn't be done, but yes, we've created yet another form that needs to be filled out!

## As-Needed Selections

### Second Tier Selection



#### 5100K Form

➤ Needs to be completed by the PM

- Design Services – PM submits 5100K to Contract Administrator with their “Request for Contract” Form (Form 5105)
- Construction Services – PM retains 5100K in project files

➤ 5100K provides justification for the selection of the most qualified vendor

**SECOND TIER AS-NEEDED SELECTION FORM**

Project Description: PROJECT NAME: \_\_\_\_\_ PROJECT NUMBER: \_\_\_\_\_

Selection Method: \_\_\_\_\_

Justification for Selection: \_\_\_\_\_

The justification for the most qualified vendor must be based upon qualifications of the consultant team. Examples include: proximity to the project, staff availability, expertise of consultant staff for specific project, etc.

## As-Needed Selections



### Vendor Fixed Fee Payment

Vendors performing work on project-specific contracts are eligible for the maximum fixed fee as negotiated during scope/hours negotiations for the project, after the work is completed to the satisfaction of MDOT.

- Examples of project-specific contracts:

- Design services awarded under as-needed selection
- Survey services awarded under statewide as-needed selection

Project-specific contracts are generally contracts for which you have known job numbers and only those job numbers will be charged to. If you have some potential job numbers that will be charged to, but there are more job numbers that may be charged to, that contract is not project-specific.


Project-specific contracts also generally occur when an initial selection is used to develop the “pool” of available as-needed vendors. When the pool is developed, a contract is NOT sent to those vendors. A contract is only sent to those vendors when a specific assignment is sent to those vendors. This contract is a project-specific contract.

The vendor will know if their fixed fee is prorated by looking at their contract with MDOT. If the contract has the term “as-needed” in the contract, the fixed fee will be prorated. If the contract does not have “as-needed” in it, the fixed fee is not prorated.



## As-Needed Selections

### Vendor Fixed Fee Payment



For newly advertised as-needed solicitations, this will not affect MDOT PMs.

- Revised payment language is included in the generic scope of services provided on the CSD SharePoint site.

CONSULTANT PAYMENT – Actual Cost Plus Fixed Fee: As-Needed

Compensation for this project shall be on an actual cost plus fixed fee basis. This basis of payment will include labor hours by classification or employee, hourly labor rates, applied overhead, other direct costs, subcontractor costs, and applied fixed fee. The fixed fee for profit allowed for this project is 11.0% or less of the cost of direct labor and overhead.

This scope is for "as needed" services. As such, the hours provided are only an estimate.

When separate, individual contracts are subsequently authorized for stand-alone work as part of this selection, the Consultant will be entitled to the maximum fixed fee as negotiated during scope/fee negotiations for the stand-alone contract, after the work is completed to the satisfaction of MDOT.

The Consultant will be reimbursed a proportionate share of the fixed fee based on the portion of the authorized total hours in which services have been provided to the Department where separate, individual contracts are not authorized for stand-alone work. Fixed fee on these as needed projects is computed by taking the percent of actual labor hours invoiced to labor hours authorized, then applying that percentage to the total fixed fee authorized.

All billings for services must be directed to the Department and follow the current guidelines. Payment may be delayed or decreased if the instructions are not followed.

MDOT PMs need to be sure to utilize updated generic scope of services for all scopes that they develop! CSD forms and documents are constantly evolving to adapt to industry/federal standards.

## **As-Needed Selections**



### **Vendor Fixed Fee Payment**

However, for as-needed solicitations advertised prior to 1/29/18, the following will occur when contract requests are received at CSD:

- MDOT PM will submit 5102 Form with language detailing change in fixed fee payment
  - 5102 Form must be signed by both MDOT PM and vendor
  - If the 5102 Form is not provided by the MDOT PM, their Contract Administrator will request that the form be provided

The 5102 form details any changes from the original scope of services. It is required in this situation because the payment language from the original solicitation, which stated that the fixed fee is being prorated based upon actual hours worked, is being changed to allow the vendor to be eligible for all of the negotiated fixed fee upon acceptance of the product by the MDOT Project Manager.

## Presentation Summary

### Contracting Timelines

- Average Number of Calendar Days = 133
  - Avg. Days with CSD = 49
  - Avg. Days with PM/Vendor = 84

## **Presentation Summary**

### **As-Needed Selections**

#### **➤ Second Tier Selection**

- Needed when multiple vendors on initial selection except:
  - Specific locations assigned to each vendor
  - Specific items of work assigned to each vendor
  - Initial RFP advertised as an under \$50,000 or Tier I selection

#### **➤ Vendor Fixed Fee Payment**

- MDOT PM needs to submit 5102 with fixed fee proration change for project-specific contracts where the initial RFP was advertised before 1/29/18



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