

# A&E OVERSIGHT TRAINING

Local  
Assistance

Office of Guidance & Oversight  
HQ Division of Local Assistance



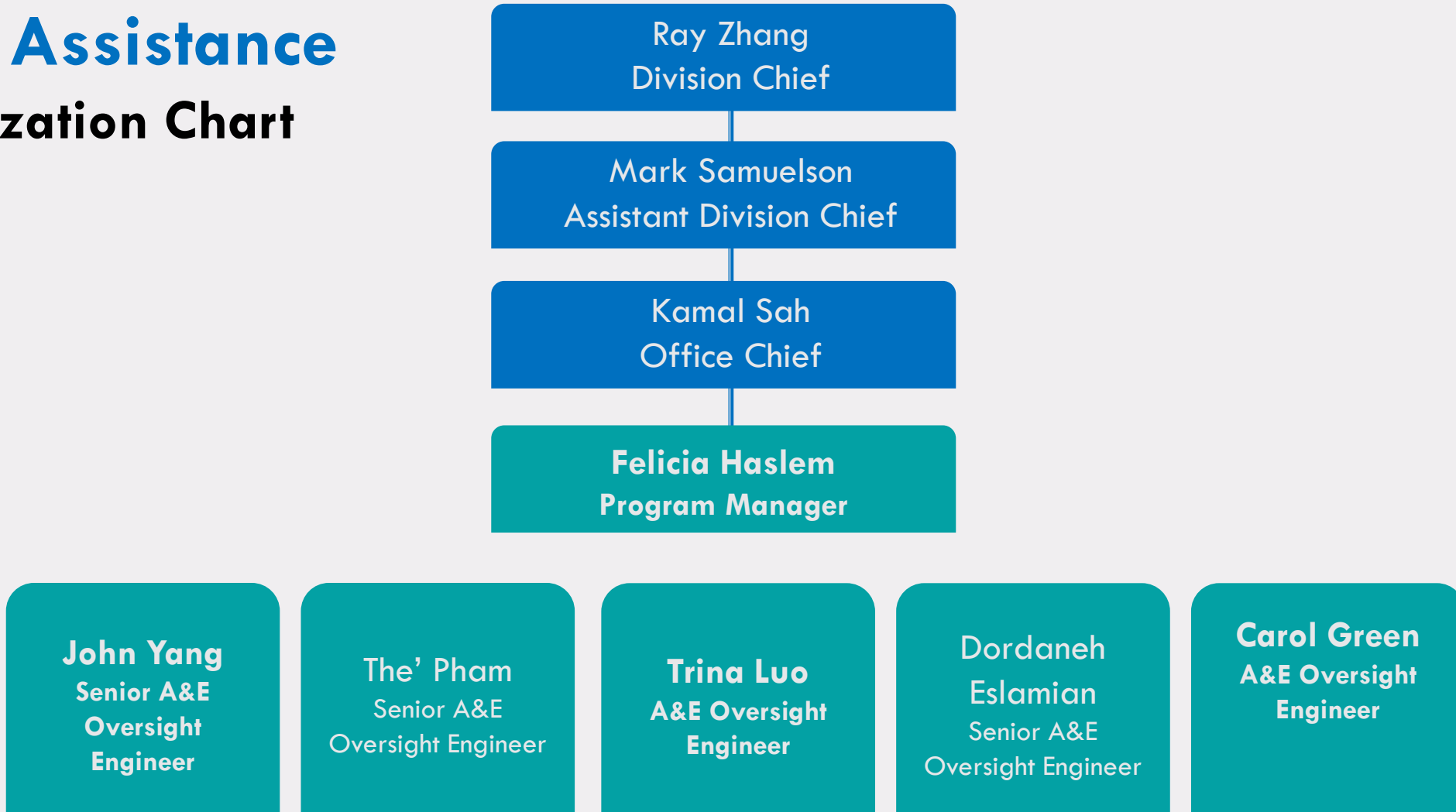
CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Caltrans

## Local Assistance

### Organization Chart

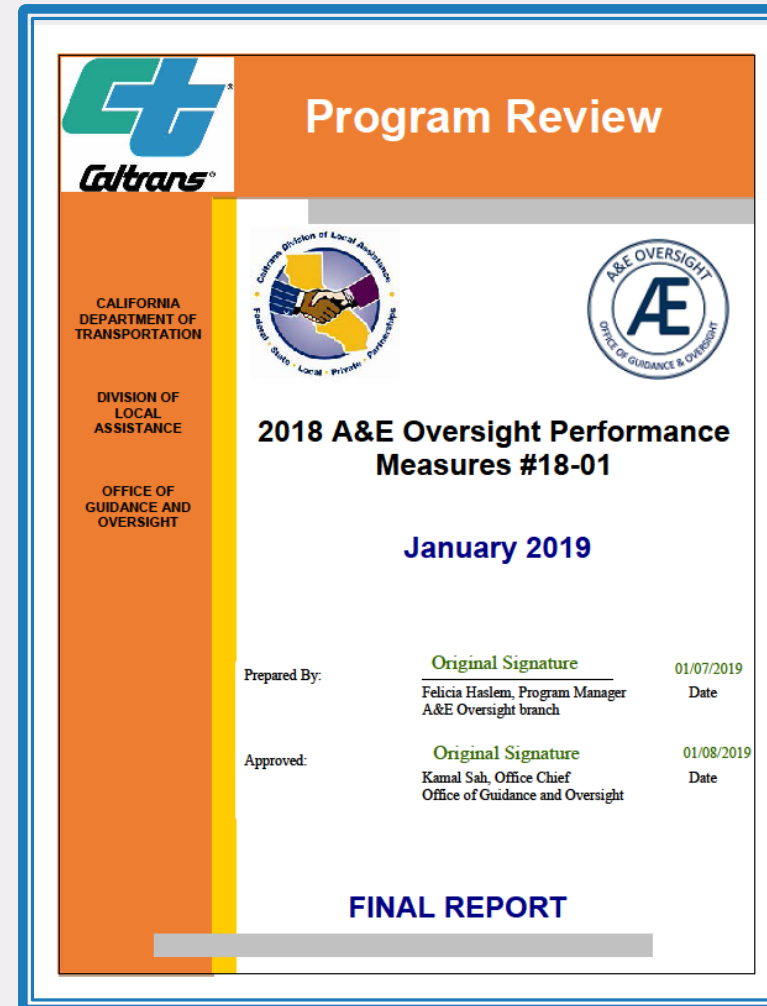
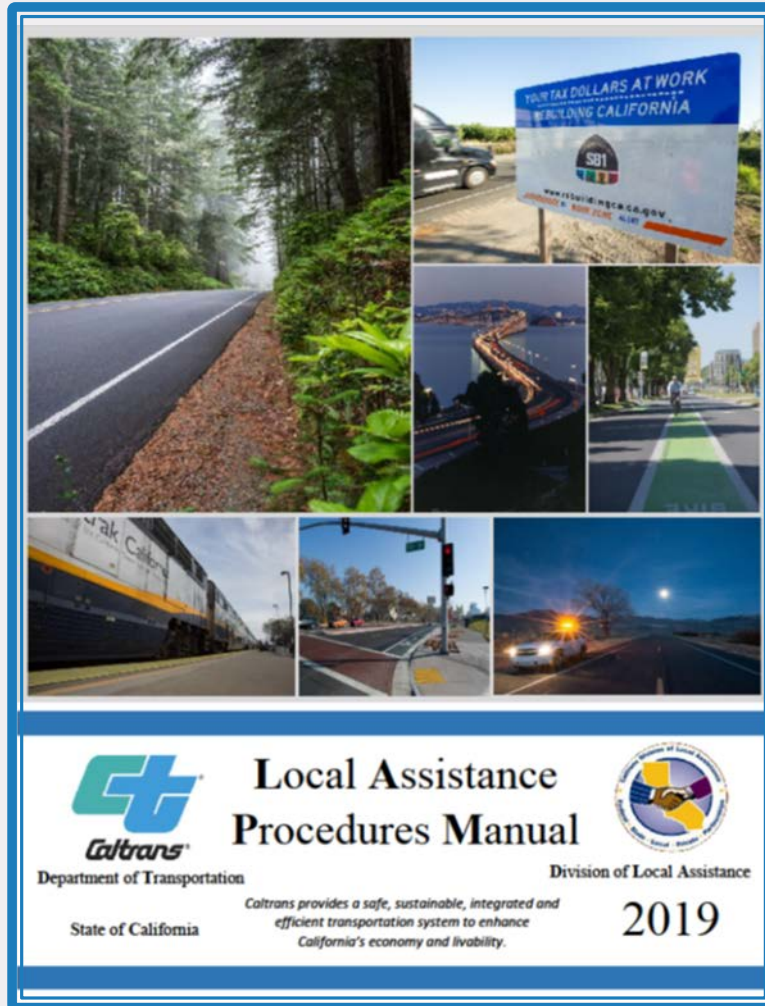


Local  
Assistance



# Our Role → Provide Guidance & Oversight

## We Do Not Create Regulations



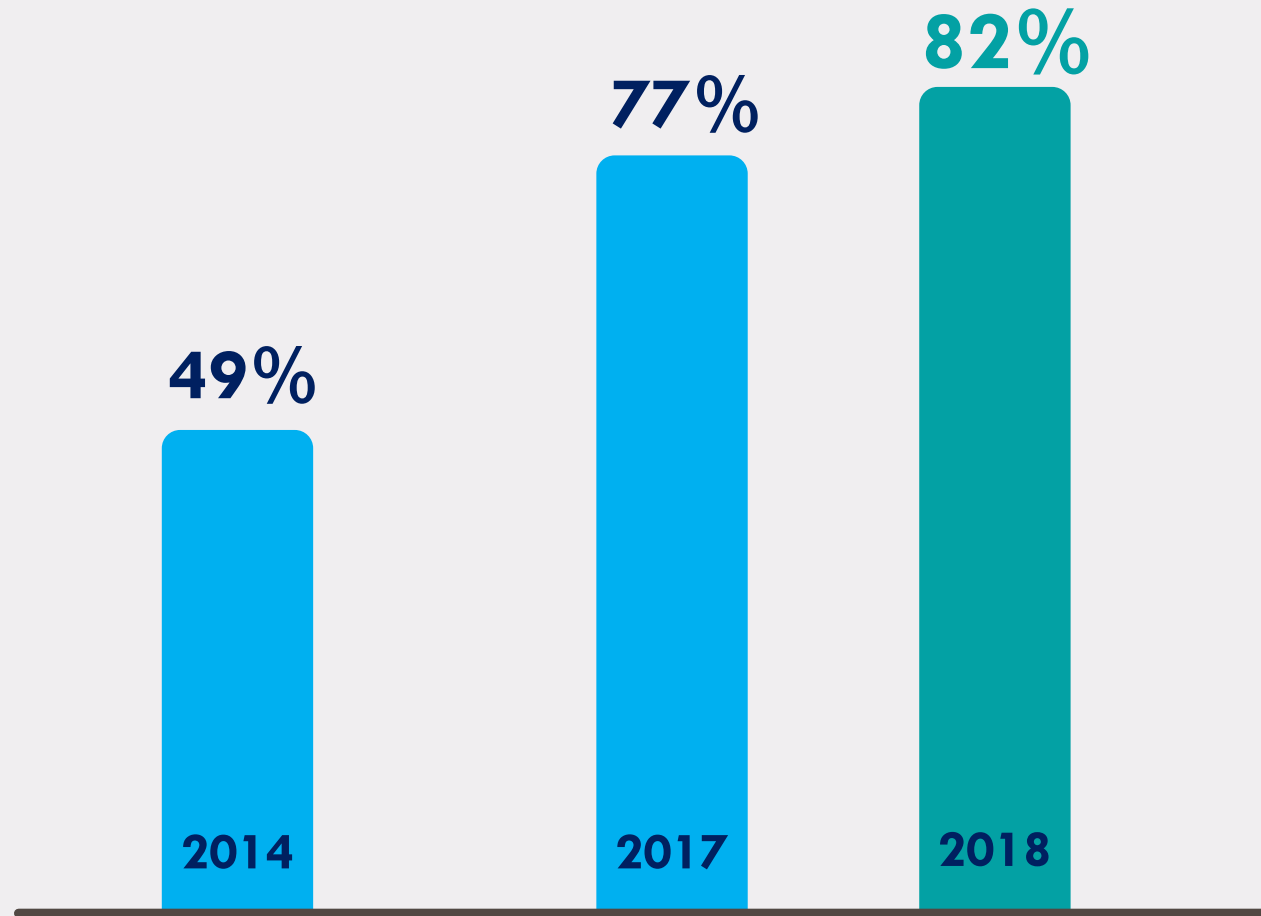
Local  
Assistance



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Process Review - Yearly Compliance



Local  
Assistance



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Target Areas for Improvement

## 4 Lowest Areas Measured



Local  
Assistance



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Important Links

## Local Assistance Consultant Selection & Procurement

[dot.ca.gov/programs/local-assistance](https://dot.ca.gov/programs/local-assistance)

## Local Assistance Blog

[localassistanceblog.com](https://localassistanceblog.com)

## Subscribe to Local Assistance Emails

[dot.ca.gov/programs/local-assistance/other-important-issues/subscribe-to-dla-email-list](https://dot.ca.gov/programs/local-assistance/other-important-issues/subscribe-to-dla-email-list)

**Subscribe Now**

The screenshot displays the Caltrans Division of Local Assistance website. The top navigation bar includes links for About Caltrans, Contact Us, ADA Certification, Request ADA Compliant Documents, Settings, and Translate. Below this is a secondary navigation bar with icons for Travel, Work with Caltrans, Programs, Caltrans Near Me, and a Search icon. The main content area features a breadcrumb trail: Home | Programs | Local Assistance | Environmental and Other Policy Issues | Consultant Selection and Procurement. The title 'Consultant Selection and Procurement' is followed by a 'Background' section. Below this, a banner for the 'CALTRANS DIVISION OF LOCAL ASSISTANCE' is shown, featuring a handshake logo. A 'Home' button is visible. Below the banner, the 'LTAP Local & Tribal Technical Assistance Program' logo is displayed. To the right, a 'Subscribe and Stay Informed' section encourages users to subscribe to the DLA Email Notification List to receive timely notices of publications, updates, and policy/procedure changes.

Local  
Assistance



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Important Links

## Local Assistance Consultant Selection & Procurement

[dot.ca.gov/programs/local-assistance](https://dot.ca.gov/programs/local-assistance)

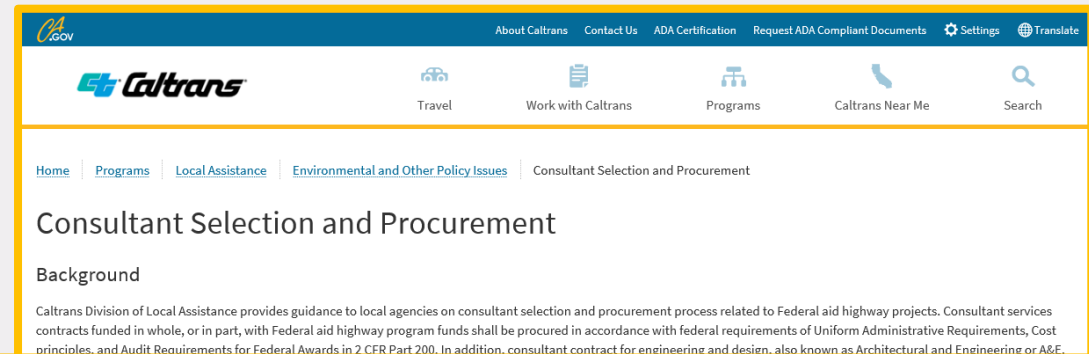
## Local Assistance Blog

[localassistanceblog.com](https://localassistanceblog.com)

## Subscribe to Local Assistance Emails

[dot.ca.gov/programs/local-assistance/other-important-issues/subscribe-to-dla-email-list](https://dot.ca.gov/programs/local-assistance/other-important-issues/subscribe-to-dla-email-list)

✓ Subscribed



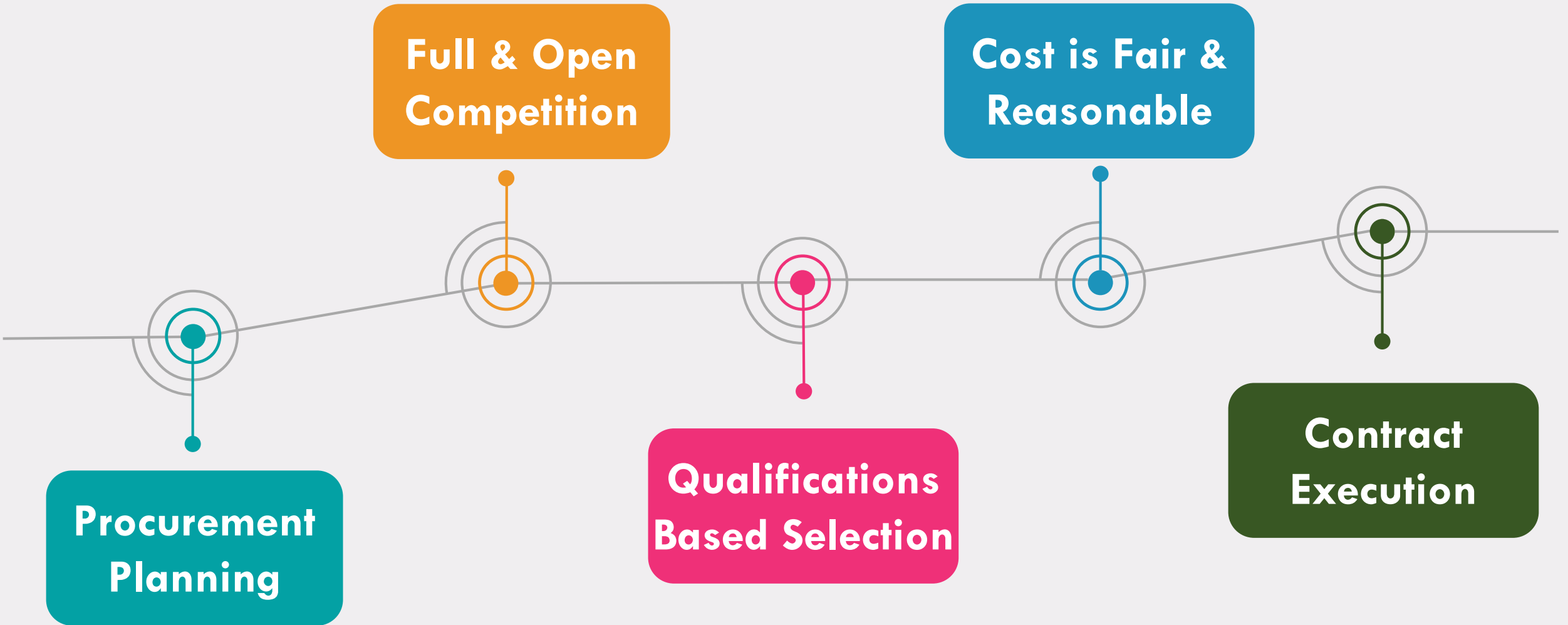
Local  
Assistance



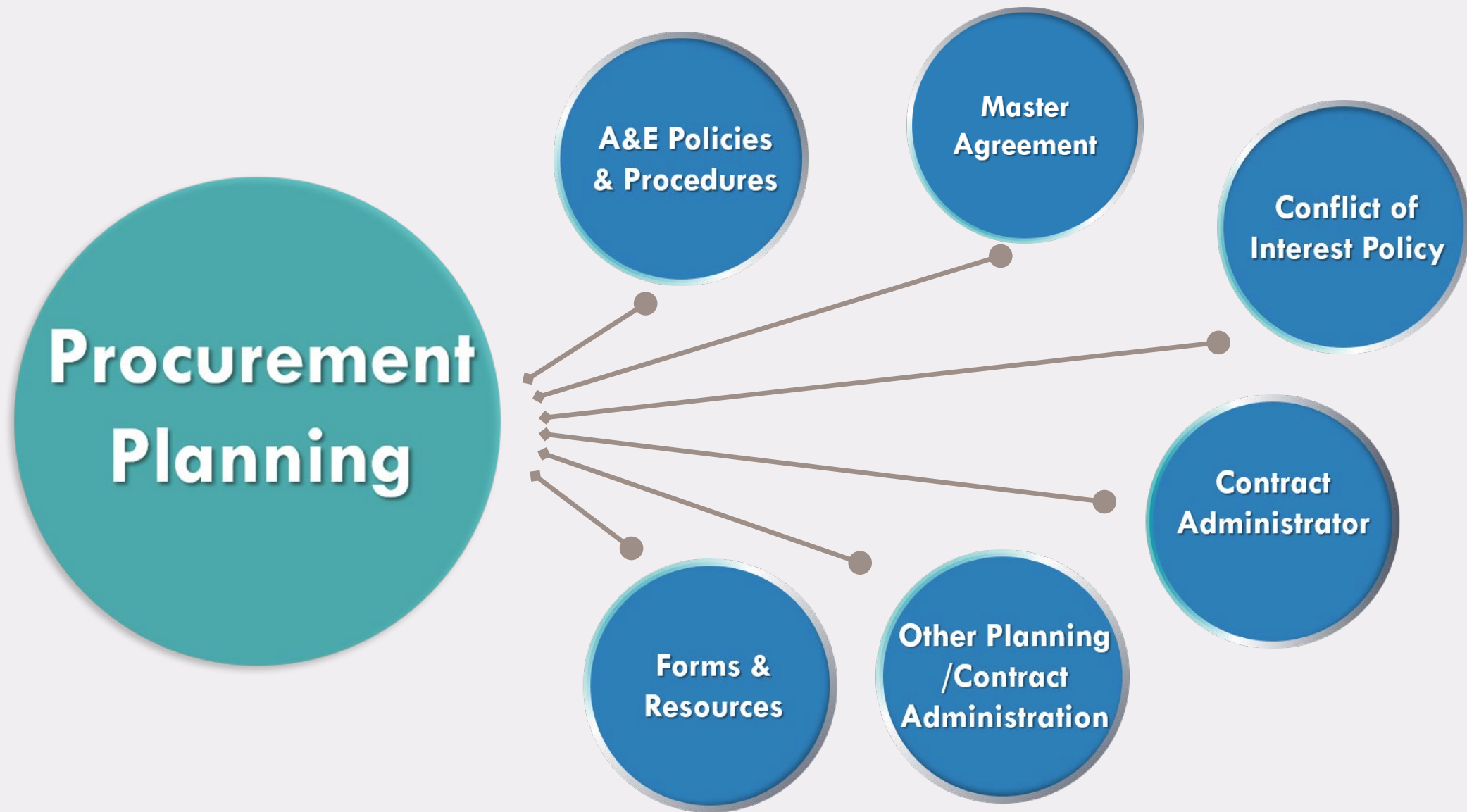
CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# A&E PROCUREMENT TIMELINE







# Written A&E Policies & Procedures Prescribed

-23 Code of Federal  
Regulations 172.5  
-Provided and Required  
By LAPM Chapter 10

## §172.5 Program management and oversight.

(a) *STA responsibilities.* STAs or other recipients shall develop and sustain organizational capacity and provide the resources necessary for the procurement, management, and administration of engineering and design related consultant services, reimbursed in whole or in part with FAHP funding, as specified in 23 U.S.C. 302(a). Responsibilities shall include the following:

(1) Preparing and maintaining written policies and procedures for the procurement, management, and administration of engineering and design related consultant services in accordance with paragraph (c) of this section;

(2) Establishing a procedure for estimating the level of effort, schedule, and costs of needed consultant services and associated agency staffing and resources for management and oversight in support of project authorization requests submitted to FHWA for approval, as specified in 23 CFR 630.106;

(3) Procuring, managing, and administering engineering and design related consultant services in accordance with applicable Federal and State laws, regulations, and approved policies and procedures, as specified in 23 CFR 1.9(a); and

(4) Administering subawards in accordance with State laws and procedures as specified in 2 CFR part 1201, and the requirements of 23 U.S.C. 106(g)(4), and 2 CFR 200.331. Administering subawards includes providing oversight of the procurement, management, and administration of engineering and design related consultant services by subrecipients to ensure compliance with applicable Federal and State laws and regulations. Nothing in this part shall be taken as relieving the STA (or other recipient) of its responsibility under laws and regulations applicable to the FAHP for the work performed under any consultant agreement or contract entered into by a subrecipient.

(b) *Subrecipient responsibilities.* Subrecipients shall develop and sustain organizational capacity and provide the resources necessary for the procurement, management, and administration of engineering and design related consultant services, reimbursed in whole or in part with FAHP funding as specified in 23 U.S.C. 106(g)(4) (A). Responsibilities shall include the following:

(1) Adopting written policies and procedures prescribed by the awarding STA or other recipient for the procurement, management, and administration of engineering and design related consultant services in accordance with applicable Federal and State laws and regulations; or when not prescribed, shall include:

(i) Preparing and maintaining its own written policies and procedures in accordance with paragraph (c) of this section; or

(ii) Submitting documentation associated with each procurement and subsequent contract to the awarding STA

Procurement  
Planning



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Master Agreement

Agreement is between Local Agency and Caltrans DLA

Refer to your Master Agreement  
Such Requirements includes

- Project Administration
- Fiscal Provisions
- Audits

## MASTER AGREEMENT

### ADMINISTERING AGENCY-STATE AGREEMENT FOR FEDERAL-AID PROJECTS

(District/Agency Name)

District Administering Agency

Agreement No. \_\_\_\_\_

This AGREEMENT, is entered into effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between AGENCY NAME, hereinafter referred to as "ADMINISTERING AGENCY," and the State of California, acting by and through its Department of Transportation (Caltrans), hereinafter referred to as "STATE", and together referred to as "PARTIES" or individually as a "PARTY."

#### RECITALS:

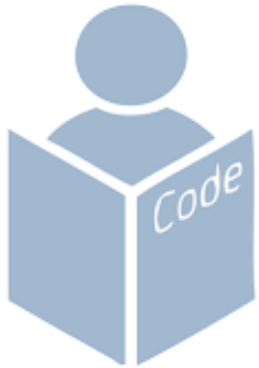
1. WHEREAS, the Congress of the United States has enacted the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and subsequent Transportation Authorization Bills to fund transportation programs; and
2. WHEREAS, the Legislature of the State of California has enacted legislation by which certain federal-aid funds may be made available for use on local transportation related projects of public entities qualified to act as recipients of these federal-aid funds in accordance with the intent of federal law; and
3. WHEREAS, before federal funds will be made available for a specific program project, ADMINISTERING AGENCY and STATE are required to enter into an agreement to establish terms and conditions applicable to the ADMINISTERING AGENCY when receiving federal funds for a designated PROJECT facility and to the subsequent operation and maintenance of that completed facility.

NOW, THEREFORE, the PARTIES agree as follows:

Procurement  
Planning



# Agency's Conflicts of Interest (COI)



Agency's written code of standards of conduct governing

- Employees
- Consultants under contracts

Meet the code of federal regulations (CFR)

- 2 CFR 200.112
- 23 CFR 172.7(b)(4)
- 23 CFR 1.33

State and Local Laws applies

# Contract Administrator



Control of Records  
and Retention



Prepares & distributes  
Solicitation/Advertisements



Perform  
Independent  
Estimate



Follow Evaluation &  
Selection Procedures

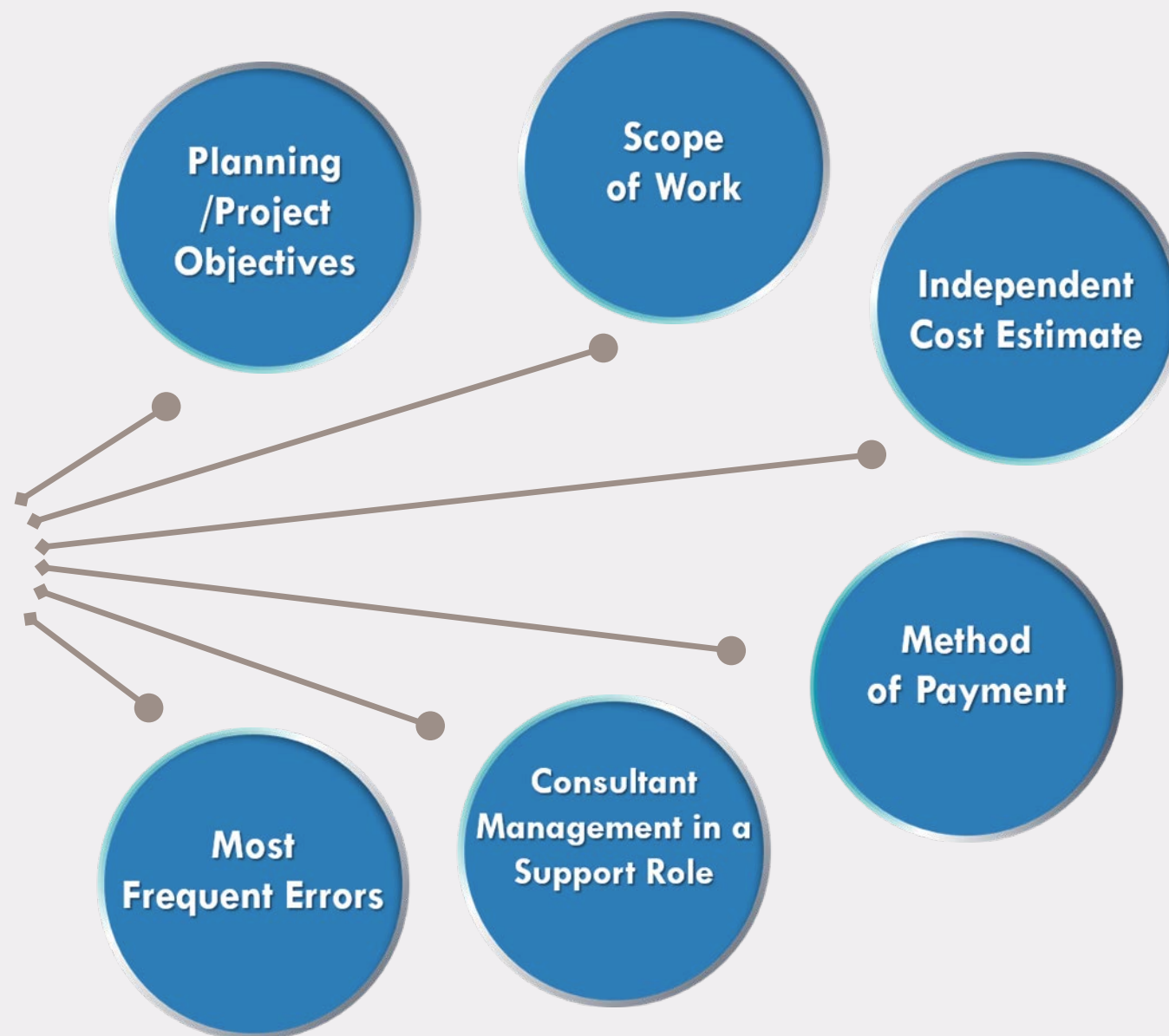


Negotiation



Monitor consultant progress &  
approve invoices

Procurement  
Planning





# Procurement Planning



Select  
Project



Set Project  
Objectives



Determine  
Schedule



Identify  
Need for  
Consultant



Appoint  
Contract  
Administrator

Procurement  
Planning



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Scope of Work



- Complete, Clear and Concise
- Breadth and limitations of work
- Specific Task Details
- Deliverables

In solicitation – ask for details of scope of work to be provided in consultant's proposal

*SOW Guidance: Scope of Work Writing Guide for A&E Consultant Contracts*

<https://dot.ca.gov/programs/local-assistance/environmental-and-other-policy-issues/consultant-selection-procurement>



# A&E Consultant Definition

Performed, approved, or logically/justifiably performed by a person licensed, registered, or certified as an engineer or architect.

Includes licensed or certified environmental scientist/professionals, licensed surveyor and licensed landscape architects.

Procurement  
Planning



# A&E Consultant Services

**Program  
Management**

**Construction  
Management**

**Surveying**

**Preliminary  
Engineering**

**Engineering**

**Design**

**Environmental**

**Architectural**

**Mapping**

**Procurement  
Planning**



# Consultant Services that may **not be** considered **A&E**

Right of Way Acquisitions

Testing

Planning Studies

Public Outreach

Procurement  
Planning

Non-A&E procedures must follow  
California Public Contract Code 10335-10381



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Independent Cost Estimate

## Breakdown of the Cost Elements

- Work or Labor Hours
- Types or Classifications of Labor
- Direct Salary or wage rates
- Other Direct Costs
  - Materials, travel, etc.
- Consultant's fixed fee
- Indirect Cost/(Indirect Cost Rate)



Procurement  
Planning

# Sample Cost Estimate: Analogous

## INDEPENDENT COST ESTIMATE (ICE) ST. FRANCIS ROAD BRIDGE OVER MID MAIN CANAL BRIDGE (BASED ON PREVIOUS CONTRACTS FOR SIMILAR PROJECT SCOPE)

DATE: JANUARY 2013

	Cooperstown Over Gallup 4/2012 w/ 2yr escalation	Cooperstown over Rydberg 4/2012 w/2yr escalation	Sheills Road 6/2012 (including direct costs)	Tegner Road	St. Francis ICE
Phase 1 - Project Kickoff & Preliminary Engineering					
Task 1 - Project Management	\$ 33,086	\$ 33,522	\$ 33,350	\$ 32,390	\$ 33,087
Task 2 - Topographic Survey	\$ 30,021	\$ 17,718	\$ 33,730	\$ 14,076	\$ 23,886
Task 3 - Hydraulics	\$ 20,941	\$ 20,934	\$ 21,022	\$ 8,128	\$ 17,756
Task 4 - Geotechnical	\$ 34,121	\$ 34,114	\$ 23,115	\$ 37,733	\$ 32,271
Task 5 - Strategy Report/Type Selection/ 30% Roadway Design Plans	\$ 25,584	\$ 28,767	\$ 59,936	\$ 23,616	\$ 34,476
Task 6 - HBP Applications and Funding Assistance	\$ 1,985	\$ 1,598	\$ -		\$ 896
Phase 2 - Environmental Clearance & Final Design					\$ -
Task 7 - Environmental Document, Tech. Studies, Permits	\$ 80,960	\$ 80,960	\$ 66,435	\$ 78,002	\$ 76,589
Task 8 - Public Outreach	\$ 3,057	\$ 3,057	\$ -		\$ 1,529
Task 9 - Plans, Specification, and Estimate	\$ 99,436	\$ 112,097	\$ 79,348	\$ 72,372	\$ 90,813
Task 10 - ROW	\$ 38,778	\$ 25,828	\$ 66,472	\$ 33,956	\$ 41,259
Task 90 - Direct Costs	\$ 3,638	\$ 3,638			\$ 1,819
Contract Amount	\$ 371,607	\$ 362,233	\$ 383,408	\$ 300,273	\$ 354,380
Amendment for Additional Services (Phase 1 ISA)			\$ 5,360	\$ 5,360	
Contract Amount	\$ 371,607	\$ 362,233	\$ 388,768	\$ 305,633	\$ 357,060.25

St. Francis Road over MID Bridge	
Estimated Contract Amount for All-Inclusive Engineering Design Services	\$ 357,060
PA&ED Only	\$ 220,490

Based on Average of Previous Contracts

# Independent Assessment

what would  
**YOU** expect  
to pay for  
services

Historical Prices  
Industry standard  
Market survey

**Firm**

Procurement  
Planning



# Sample Cost Estimate for Project Specific: Bottom Up

Local Agency's Independent Cost Estimate Template

Types or Classifications of Labor		Project Name: City/County Bridge Replacement - PHASE 1 - Multi Year Contract															
		Principal Engineer	Senior Engineer	Associate Engineer	Assistant Engineer	Draft Manager	Drafter	Prime Total Hours	Prime Direct Labor	Prime Total Direct Labor Cost	Prime Total Indirect Cost	Total Direct + Indirect	Prime Profit	Other Direct Costs	SUBCONSULTANT 1	SUBCONSULTANT 2	Subconsultant Subtotal
TASKS	Name of Personnel	Thomas	Edward	Emily	James	Henry	Sir Topham Hatt		Direct Labor	Escalation Rate	Indirect Cost Rate		Profit Rate				
	1st Year Hourly Rate	\$90.00	\$75.00	\$54.00	\$49.00	\$40.00	\$30.00										
City/County Bridge Replacement Project										3.0%	1.728		10%				
Phase 1 - Preliminary Engineering and Environmental Document (assumed a 36 Mo. Duration)								0	\$0	\$0	\$0	\$0	\$0.00		\$150,832	\$79,816	\$230,648
Task 1 - Preliminary Engineering								0	\$0	\$0	\$0	\$0	\$0.00		\$0	\$0	\$0
Task 1.1 - Project Management and Coordination									Indirect Cost Rate (ICR)					Profit/Fee			
Project Coordination		54	54	54	0	0	0	162	\$11,826	\$12,180.78	\$21,048	\$33,229	\$3,322.92		\$0	\$0	\$0
Kick Off Meeting		11	11	11	0	0	0	34	\$2,494	\$2,569.24	\$4,440	\$7,009	\$700.89		\$0	\$0	\$0
Phone Conference Project Status Meetings		55	55	33	0	0	33	177	\$11,890	\$12,246.78	\$21,162	\$33,409	\$3,340.92		\$0	\$0	\$0
Task 1.2 - Preliminary Engineering								0	\$0	\$0.00	\$0	\$0	\$0.00		\$0	\$0	\$0
Task 1.2.1 - Basis of Design																	
Task 1.2.3 Advance Planning Studies, Cost Estimate, Construction Schedule, and Type Selection report																	
Task 1.3 - Hydrology & Hydraulics																	
Task 1.4 - Geotechnical Investigation		0	0	0	0	0	0	0	\$0	\$0.00	\$0	\$0	\$0.00		\$0	\$0	\$0
Task 1.5 Survey and Base Mapping		0	0	0	0	0	0	0	\$0	\$0.00	\$0	\$0	\$0.00		\$0	\$0	\$0
Subtotal Hours		121	121	99	0	0	33	373									0
Other Direct Costs														\$8,778			0
Total Cost		\$10,853	\$9,044	\$5,320	\$0	\$0	\$994	\$26,210	\$26,210	\$26,997	\$46,650	\$73,647	\$7,365	\$89,790	\$150,832	\$79,816	\$230,648

Other Direct Cost



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Determine Method of Payment

- Cost Per Unit of Work
- Lump Sum (not the same as firm fixed fee)
- Cost-Plus-Fixed-Fee
- Specific Rate of Compensation

**Cost Plus a Percentage of Cost &  
Percentage of Construction Cost are  
NOT ALLOWED!**





# Example: Cost Plus Fixed Fee

- \$250/hr. = Senior Engineer
- Firm's ICR = 150%
- 100 hrs.
- Fixed fee = 10%

$$\text{\$250/hr.} \times 2.50 \times \text{100 hrs.} = \text{\$62,500}$$

Calculate Fixed Fee

$$\text{\$62,500} \times .10 = \underline{\text{\$ 6,250}}$$

$$\text{TOTAL} = \text{\$68,750}$$

## When Labor Hours are Exceeded

$$\text{\$250/hr.} \times 2.50 \times \text{120 hrs.} = \text{\$75,000}$$

$$\text{Fixed fee} = \underline{\text{\$ 6,250}}$$

$$\text{TOTAL} = \text{\$81,250}$$

**Fixed Fee Stays the Same!**

Procurement  
Planning



# Example: Cost Plus Fixed Fee

- \$250/hr. = Senior Engineer
- Firm's ICR = 150%
- 100 hrs.
- Fixed fee = 10%

$$\text{\$250/hr.} \times 2.50 \times \text{100 hrs.} = \$62,500$$

Calculate Fixed Fee

$$\$62,500 \times .10 = \underline{\$6,250}$$

$$\text{TOTAL} = \$68,750$$

**When Actual Labor Hours are Less**

$$\text{\$250/hr.} \times 2.50 \times \text{80 hrs.} = \$50,000$$

$$\text{Fixed fee} = \underline{\$6,250}$$

$$\text{TOTAL} = \$56,250$$

**Fixed Fee Stays the Same!**

Procurement  
Planning



# Specific Rate of Compensation

---

- Provides reimbursement at the loaded hourly billing rate
- For on-call contracts
  - Specify a maximum (not-to-exceed) dollar amount



**Used only when work or cost cannot be estimated**

**Contracting agency is in control of the hours worked**

**Contracting agency must manage & monitor**

Procurement  
Planning

# Example: Specific Rate of Compensation

- \$250/hr. = Senior Engineer
- Firm's ICR = 150%
- 100 hrs.
- Fixed fee = 10%

## “Loaded Hourly Billing Rate”

$$\$250/\text{hr.} \times 2.50 \times 1.10 = \$687.50/\text{hr.}$$

$$\$687.50/\text{hr.} \times 100 \text{ hrs.} = \$68,750$$

## When Labor Hours are Exceeded

$$\$687.50/\text{hr.} \times 120 \text{ hrs.} = \$82,500$$

## When Actual Labor Hours are Less

$$\$687.50/\text{hr.} \times 80 \text{ hrs.} = \$55,000$$

# Comparison of the Provided Examples

## Actual Cost Plus Fixed Fee

100 hours = \$68,750

120 hours = \$81,250

vs.

## Specific Rate of Compensation

100 hours = \$68,750

120 hours = \$82,500

Procurement  
Planning

**A Cost Savings of \$1,250**



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Consultant in a Management Support Role (CMSR)

- City Engineer
- Project Manager – chooses projects, oversees a project or multiple projects and makes decisions on behalf of the agency
- Dictates or persuades vs executes project or plan



Procurement  
Planning

# Local Agency Responsibilities

Responsible Charge = full time public employee

- Contract negotiation, contract payment, consultant performance evaluation.
- Being familiar with the contract requirements, scope of services and products to be produced.
- Being familiar with the qualifications of the consultant's staff & changes in key personnel.
- Attending progress & project review meetings, to ensure project delivery according to schedule milestones.
- Ensuring consultant costs billed are allowable and consistent with the contract terms.
- Evaluating and participating in decisions for contract modifications.
- Documenting contract monitoring activities and maintaining supporting contract records, as specified in 2 CFR 200.333

# CMSR – Conflict of Interest

## Best Practice

### Example 1

-Consultant performing project design shall not perform construction management on the same project

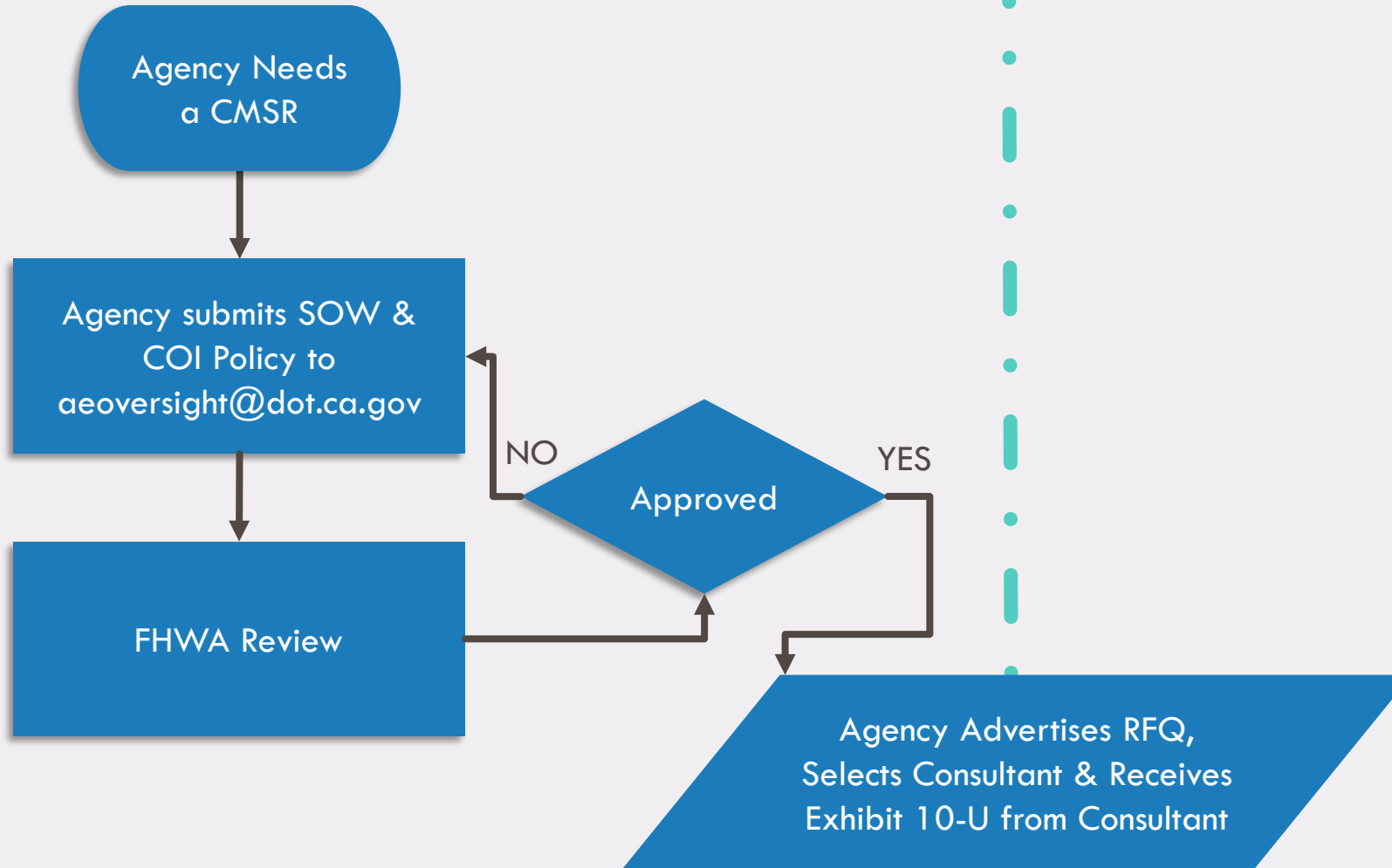
### Example 2

-Consultant performing construction material quality control testing for construction contract shall not perform Construction Material Quality Assurance on the same project



# CMSR Approval Process

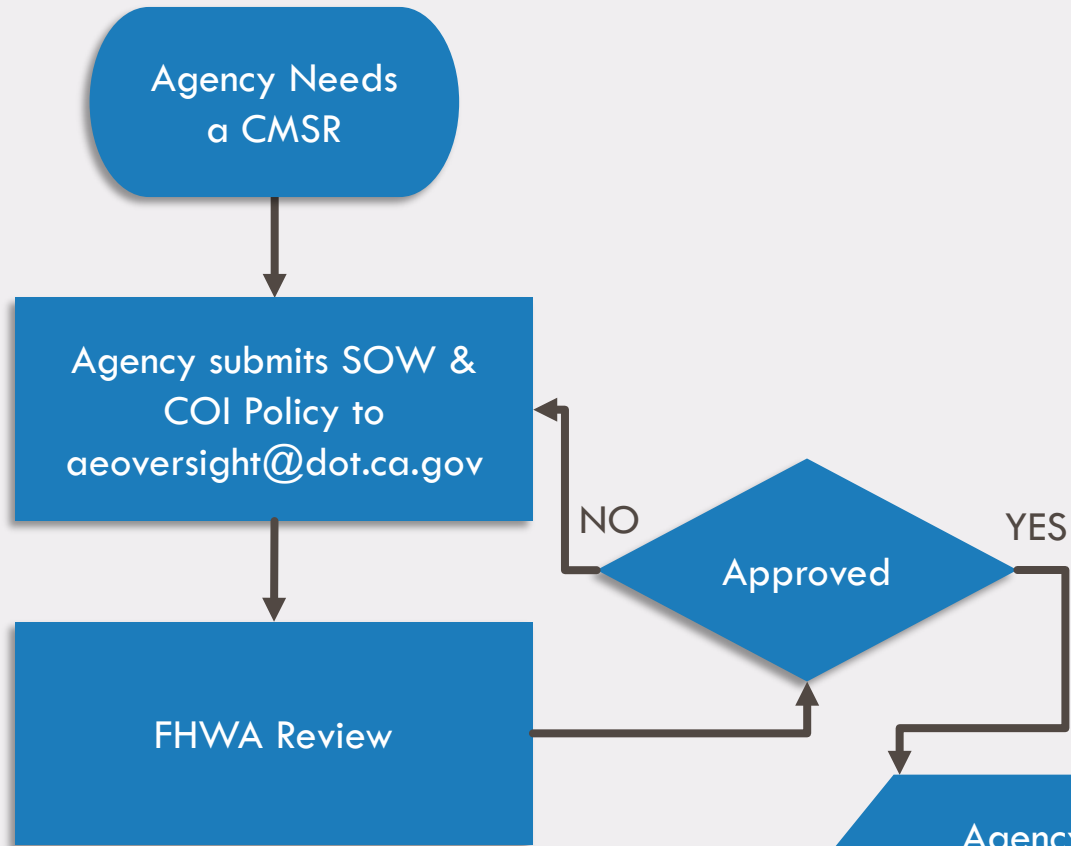
## Step 1 Prior to Solicitation



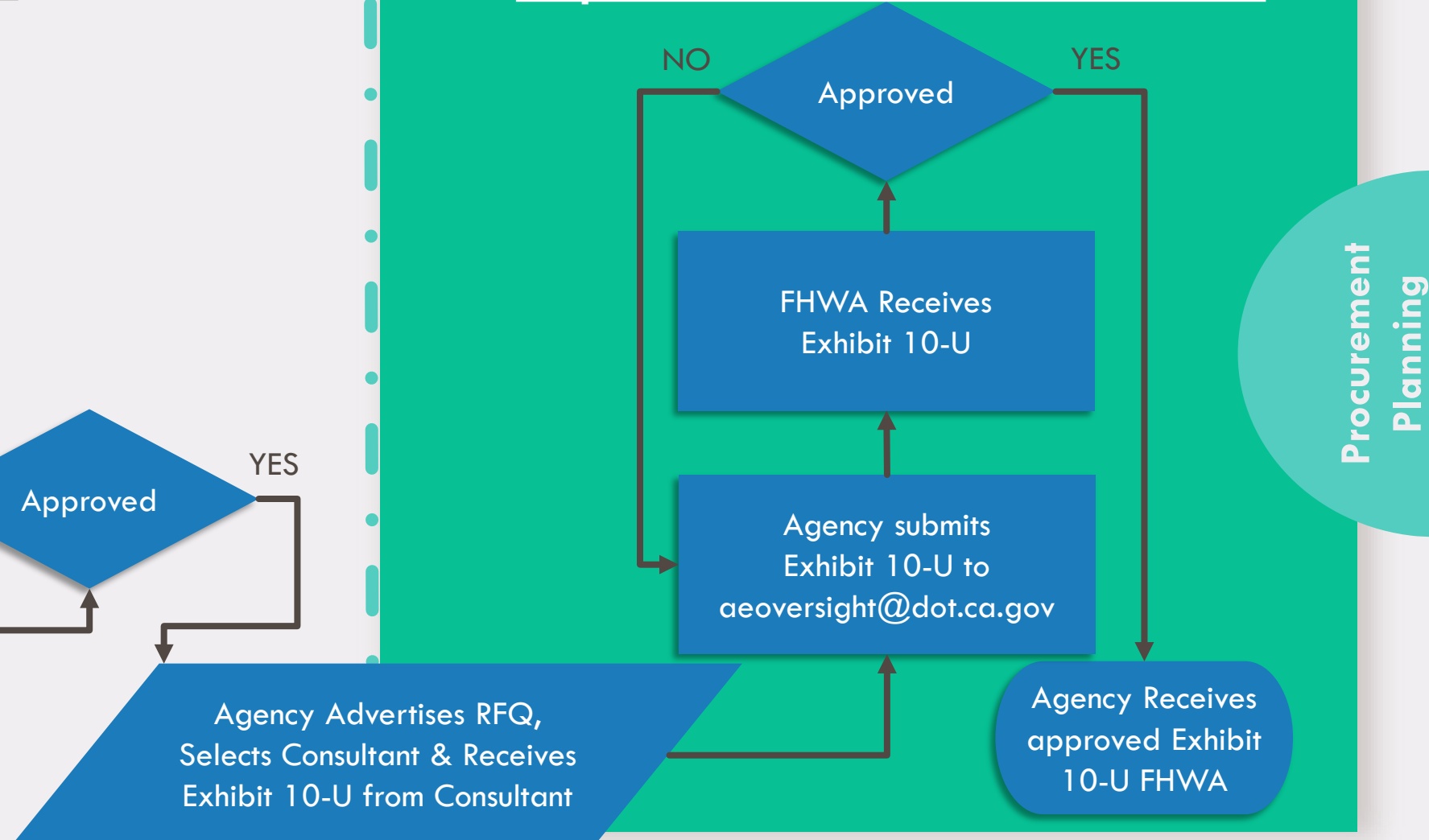
Procurement  
Planning

# CMSR Approval Process

## Step 1 Prior to Solicitation



## Step 2 After Solicitation & Selection



# Most Frequent Errors and Deficiencies

- Incomplete independent cost estimate
- Inadequate record keeping and document retention
  - Retain for a period of 3 years
- Policies & Procedures adoption

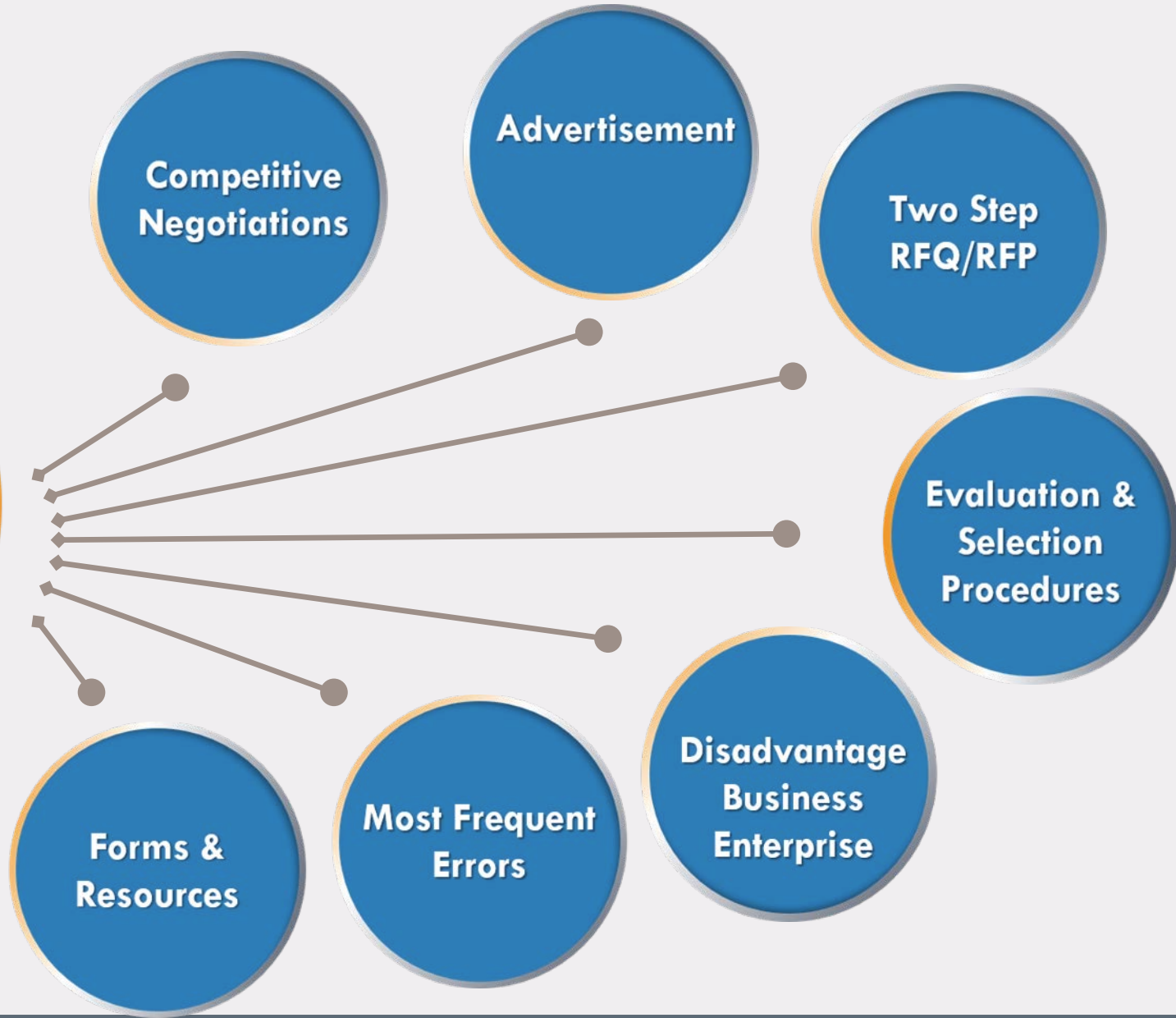


# Forms & Resources

## @ Procurement Planning

- Visit Caltrans A&E's website [dot.ca.gov/hq/LocalPrograms/AE/](https://dot.ca.gov/hq/LocalPrograms/AE/)
- LAPM Chapter 10 prescribes the written Procurement Policies & Procedures
- An example *Policies & Procedures Adoption Resolution*
- A signed Master Agreement is required which identifies the terms and conditions between the Local Agency and Caltrans
- Complete & Sign Exhibit 10-T Conflict of Interest and Confidentiality Statement for all committee members
- Exhibit 10-U required when a CMSR is applicable

# Full & Open Competition



# Competitive Negotiation

- Qualifications-Based Selection method
  - Demonstrated Competency
  - Professional Qualifications
- Price shall NOT be used as a factor in analysis and selection
- Not competitive bidding
- Clear and concise requirements

Full & Open  
Competition



# Advertisement

---

- In-state and out-of-state firms given opportunities
- Public announcement
  - Agency website, trade journals, online forums
- Advertisement Period of 14 days

**Place  
Your Ad  
Here**

**Full & Open  
Competition**



# Two Step RFQ/RFP method

Used for:

- Establishing a “pre-qualified list” of consultants
- Multiple on-call contracts for similar services through single solicitation
- Project Specific - More complex projects



Full & Open  
Competition



# Pre-qualified List of Consultants

RFQ must include:

- Scope of services is defined broadly under general work categories or areas of expertise
- Minimum qualifications (pass/fail) are established for Pre-qualification of consultants – qualification based selection and financial management system requirements
- Annual statements of qualification are encouraged, but no more than two years valid on the list
- Performance evaluation data to update list

RFP must include:

- Specific project or task requirements, schedule & deliverables
- Consultants specific technical approach and qualifications (full QBS process)
- Subject to all other requirements in a One-Step RFP process, such as method of payment, evaluation criteria, audit and cost proposal submittals, and DBE goal. Etc.

Full & Open  
Competition



# Multiple On-call Consultants for Similar Services

RFQ must include

- Single solicitation for multiple on-call contracts
- Scope of services is defined broadly to cover general categories of projects or services
- Minimum qualifications of consultants and professional personnel
- Number of contracts/on-call consultants to be selected
- A not-to-exceed dollar amount for each contract
- Each contract duration not-to-exceed 5 years
- Audit review and financial management system provisions
- DBE Goal for each contract (Exhibit 10-I)
- Negotiating Price Agreements with selected consultants based on specific rate of compensation method of payment
- Provisions for the streamlined (or mini) RFP process to procure project, task or service specific contracts – full QBS

Full & Open  
Competition



# Multiple On-call Consultants for Similar Services

## *Mini RFP (additional QBS) may include*

- Project specific scope of work, deliverables, schedules, duration
- Circulate mini-RFP (with evaluation criteria, Project or Task specific DBE goal) to all on-call consultants
- Full competitive QBS process – cost is not a factor
- Evaluate proposals and select most qualified consultant
- Negotiate actual cost plus fixed fee for task order based on the on-call contract (labor) price agreement

Full & Open  
Competition



# Consultant Selection Committee

---

- Minimum three members
- Subject matter experts and Contract Administrator
- Review and evaluate proposals; conduct interviews
- Membership should be confidential

NOTE: Participation by a Caltrans representative does not relieve the local agency of its responsibility to ensure that proper procurement procedures are followed and all requirements are met.

Full & Open  
Competition



# Conflicts of Interest

## Selection Panel

Must meet the federal regulations

- 2 CFR 200.112
- 23 CFR 172.7(b)(4)
- 23 CFR 1.33

State and Local Laws also applies

Consult your city or county's attorney

**Collect & retain signed and dated statements**

**Example is LAPM Exhibit 10-T**

Full & Open  
Competition



# LAPM Exhibit 10-B

- Qualifications Criteria
- Weights
- Signature
- Secondary score sheets

Based on the criteria established & published within the public solicitation document

EXHIBIT 10-B SUGGESTED CONSULTANT EVALUATION SHEET \*

CONSULTANT/FIRM NAME: _____		
Criteria	Max Points	Rating
Understanding of the work to be done	25	
Experience with similar kinds of work	20	
Quality of staff for work to be done	15	
Capability of developing innovative or advanced techniques	10	
Familiarity with state and federal procedures	10	
Financial responsibility	10	
Demonstrated Technical Ability	10	
Total	100	0

Evaluator

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Contract Office

Initials: \_\_\_\_\_

Date: \_\_\_\_\_

Full & Open  
Competition



# Disadvantage Business Enterprise

---



Subcontracting  
opportunities



Full & Open  
Competition



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Determining DBE Goal

---

## Where do I Start?

### EXHIBIT 9-D

Contract estimated >\$500,000  
*Complete and Submit Exhibit 9-D  
to Caltrans DLAE  
Approval will be from OGO*



Contract estimated <\$500,000  
*Exhibit 9-D is submitted to  
Caltrans DLAE for review*

Full & Open  
Competition



CALTRANS DIVISION OF  
LOCAL ASSISTANCE





# DBE Goal in 7 Simple Steps

---

1. Identify work
2. Determine work category codes for subcontracting
3. Search for available DBE firms by districts (CUCP) ≥7
4. Apply DBE factors to sub work
5. Calculate a soft goal
6. Apply **80%** factor
7. Round to nearest whole %

Full & Open  
Competition



# Example Determining a DBE Goal

On-call Contract DBE Goal 11%  
Exhibit 10-O1 and Exhibit 10-O2

## Local Agency determined work items:

- Environmental Support = 7%
- CAD Services = 4%

## Consultant determined work items:

- Environmental Support = 6%
- CM Services = 5%

### Task Order 1: \$100K

- Preliminary Roadway Design/NEPA document
- Environmental Support (\$2K)
- Roadway Design (\$98K)

$$\text{Estimated DBE by Agency} = \frac{(\$2K)}{\$100K} = 2\%$$



**Track DBE usage for task orders and close out task order projects using Exhibit 10-G**

### Task Order 2: \$150K

- Final Roadway Design (\$135K)
- CM Services (\$15K)

$$\text{Estimated DBE by Agency} = \frac{(\$15K)}{\$150K} = 10\%$$



**Close out contract using Final Utilization Exhibit 17-F**

$$\frac{(\$2K + \$15K)}{(\$100K + \$150K)} = 6.8\%$$

Full & Open  
Competition



# New Form!

# Full & Open Competition

# Example DBE Goal & Utilization: Master On-call

## Project Specific #1

Federal Project Number (FPN): BRLO-4111(015)

PE: XYZ Consultant

Surveying: on-call

CON: contractor

← Task Order #1 – FPN: BRLO-4111(015)

## Project Specific #2

FPN: ATPL-4111(016)

← Task Order #2 – FPN: ATPL-4111(016)

PE: In-house

Surveying: On-call A&E Contract

CON: contractor

### When Closing Out

Exhibit 17-F: Contractor

Exhibit 17-F: On-call Surveying

(supported by 10-G's for Task Orders)

Full & Open  
Competition



# Most Frequent Errors and Deficiencies

---

- Lack of evaluation criteria with level of importance (weights) in RFP/RFQ
- No Conflict of Interest Statements by selection panel
- No method of payment specified in RFP/RFQ
- No cost proposal requirement specified in RFP/RFQ
- Inadequate/undocumented advertisement method for the RFP/RFQ
- Inadequate documentation of a responsiveness review prior to acceptance of the RFP/RFQ

Full & Open  
Competition



# Most Frequent Errors and Deficiencies

---

(Continued)

- Procurement schedule missing
- Oral interviews not identified
- Contract type missing
- Method of payment incorrect or missing
- Length of contract not included (on-call)
- DBE goals for on-call contracts missing
- Exhibit 10-R missing
- CMSR not approved prior to solicitation



Full & Open  
Competition

# Forms & Resources

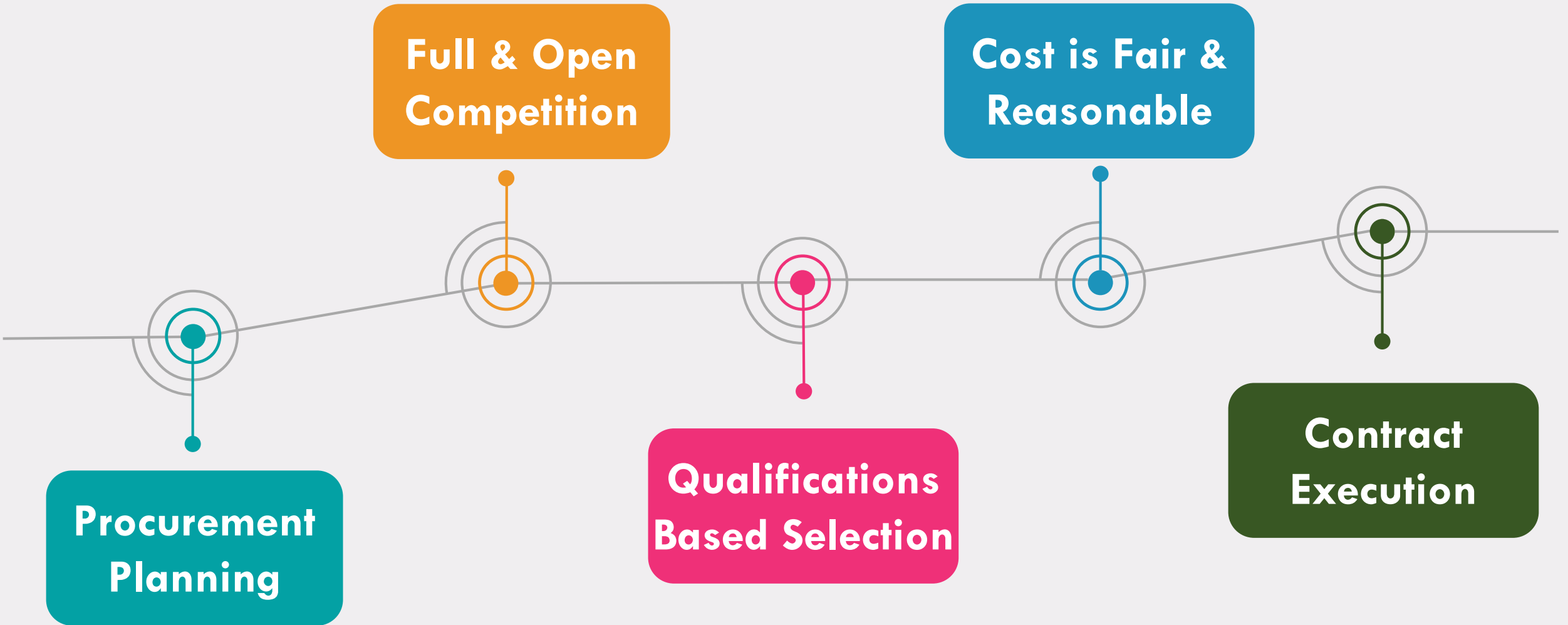
## @ Full & Open Competition

- Solicitation Document examples are at our Caltrans A&E's website
- *Exhibit 10-B Suggested Consultant Evaluation Sheet* is a sample scoring sheet
- *Exhibit 10-H Cost Proposal* submitted in a separate concealed format
- *Exhibit 9-D DBE Contract Goal Methodology* can assist in establishing a DBE contract goal.
- *Exhibit 10-I Notice to Proposers DBE Information* can be used to specify a DBE contract goal in the solicitation
- Incorporate *Exhibit 10-R: A&E Boiler Plate Agreement Language*
- *Exhibit 10-U* is required when scope of work includes a CMSR
  - CMSR Requires FHWA approval. See approval CMSR process.

Full & Open  
Competition



# A&E PROCUREMENT TIMELINE





# Qualifications Based Selection

QBS  
(PRICE is NOT  
Allowed)

Sole Source

Responsiveness

Evaluation &  
Selection  
Procedures

Most Frequent  
Errors

Forms &  
Resources

# Qualifications Based Selection

---

## Caltrans Local Assistance Procedures Manual (LAPM) Chapter 10

### Federal

- Title 23 Code of Federal Regulation, Part 172 (23 CFR 172)  
“Procurement, Management, and Administration of Engineering and Design Related Services”



### State

- Government Code 4525-4529 “Contracting with A&E Firms”

# Why Not Consider Price?

---

Engineer and design services are quality based, similar to a doctor or .....

CA regulations require all A&E Consultants to be selected based on qualifications, not cost.



Qualifications  
Based Selection



CALTRANS DIVISION OF  
LOCAL ASSISTANCE



# Qualifications Based Selection

---

## Evaluations of Proposals

- Evaluation criteria must be the same as in the solicitation
- Interviews
  - Retain all score sheets

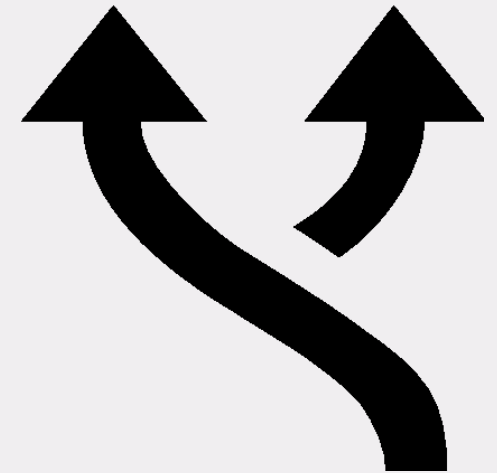


# Sole Source

---

Sole source is allowed under the following circumstances

1. Only one consultant is qualified to perform work
2. An Emergency situation
3. Competition is determined to be inadequate after solicitation of a number of sources



Qualifications  
Based Selection

# Sole Source – After Advertisement

---

- Received only 1 proposal
- Prepare Public Interest Finding (PIF) – Exhibit 1 2-F
  - Approved by District Local Assistance Engineer (DLAE) for federal funding
- Evaluate!
- Negotiate to ensure fair and reasonable price for services

Qualifications  
Based Selection



# Responsiveness Review

---

Establish submittal requirements, minimum qualifications, evaluation criteria

Reject proposals that fail to meet submittal requirements and minimum qualifications.

**Non-responsive submittals must be rejected and documented in contract files**

**Qualifications  
Based Selection**



# Responsiveness Checklist

## SAMPLE

### A&E CONSULTANT'S SOP/SOQ RESPONSIVENESS CHECKLIST

The following checklist is provided as a tool to assist Consultants responding to a Request For Qualifications (RFQ) or Request For Proposal (RFP). Solicitations may differ in their requirements; therefore, please read each solicitation carefully to ensure responsiveness.

Also refer to "Submittal Instructions" and "General Contract Process Information".

**NOTE: Checklist must be modified to fit local agency's general contract process and procedures.**

#### SOQ/SOP REQUIREMENTS:

- ☐ Submittal Date and Time
- ☐ Required number of copies submitted

SOQ/SOP includes the following \_\_\_\_ sections:

- ☐ Section 1 – Transmittal Letters from Prime and Sub Consultants
- ☐ Section 2 – DBE Goal Documentation
- ☐ Section 3 – Workplan, Schedules and Deliverables
- ☐ Section 4 – Staffing Plan, Organizational Chart and Resumes
- ☐ Section 5 – Project References and Contacts



# Exhibit 10-O1

Consultant must meet the DBE Goal or demonstrate a good faith effort

Reset Form

## EXHIBIT 10-O1 CONSULTANT PROPOSAL DBE COMMITMENT

1. Local Agency: \_\_\_\_\_ 2. Contract DBE Goal: \_\_\_\_\_
3. Project Description: \_\_\_\_\_
4. Project Location: \_\_\_\_\_
5. Consultant's Name: \_\_\_\_\_ 6. Prime Certified DBE: ☐

7. Description of Work, Service, or Materials Supplied	8. DBE Certification Number	9. DBE Contact Information	10. DBE %
Local Agency to Complete this Section			
17. Local Agency Contract Number: _____			11. TOTAL CLAIMED DBE PARTICIPATION <input type="text"/> %
18. Federal-Aid Project Number: _____			
19. Proposed Contract Execution Date: _____			
20. Consultant's Ranking after Evaluation: _____			

Qualifications  
Based Selection



# Evaluation & Selection of Consultants

---

## Convene the Selection Committee

- Review proposals
- Complete score sheets
- Sign and date all original score sheets
- Contract Administrator compiles scores and ranking
- If conducting interviews, develop short list of top 3 to 5 firms
- If no interviews, finalize ranking of top three firms and request cost proposals in sealed envelopes
- Must inform top 3 firms on short list or final ranking

Qualifications  
Based Selection



# Evaluation & Selection of Consultants

---

## **Committee performs reference checks (best practice)**

- Develop standard questions to ask
- Have one person perform reference checks
- Compile and document other information gathered independently
- Retain records in contract files
- Must be done prior to oral interviews, if any

# Evaluation & Selection of Consultants

---

## Prepare for Interviews of Short List

- Prepare interview agenda, questions, and score sheets
- Send invitation to (short list) firms with:
  - Format of interview, scoring criteria and time tables
  - Copy of Standard Agreement (boilerplate)
  - Request for cost proposals in sealed envelopes to be collected at time of interview

# Evaluation & Selection of Consultants

---

## Conduct interviews of short list

- Conduct interviews
- Collect cost proposals in sealed envelopes
- Record interview evaluations on score sheets
- Develop final ranking (top three firms) and inform short list of results per regulation

Qualifications  
Based Selection



# Sample Score Compilation and Ranking

## Exercise

Consultants	Panel Members						Sum of Ranking	Final Ranking	Raw Scores Totals
	Joe White		Sue Green		Alice Black				
	Raw Score	Rank	Raw Score	Rank	Raw Score	Rank			
Firm XYZ	60	5	78	4	47	5	14	5	186
Firm ABC	77	3	85	3	55	3	9	3	217
Firm OPQ	65	4	76	5	50	4	13	4	191
Firm RST	86	2	94	1	56	2	5	2	236
Firm EFG	88	1	86	2	60	1	4	1	234

Qualifications  
Based Selection



# Most Frequent Errors and Deficiencies

- Lack of retention of original score sheets from the evaluation process
- Inadequate documentation during the secondary evaluation process/interview portion
- Actual evaluation criteria differ from original described in the RFP/RFQ without appropriate documentation



# Forms & Resources

---

## @ Qualifications Based Selection

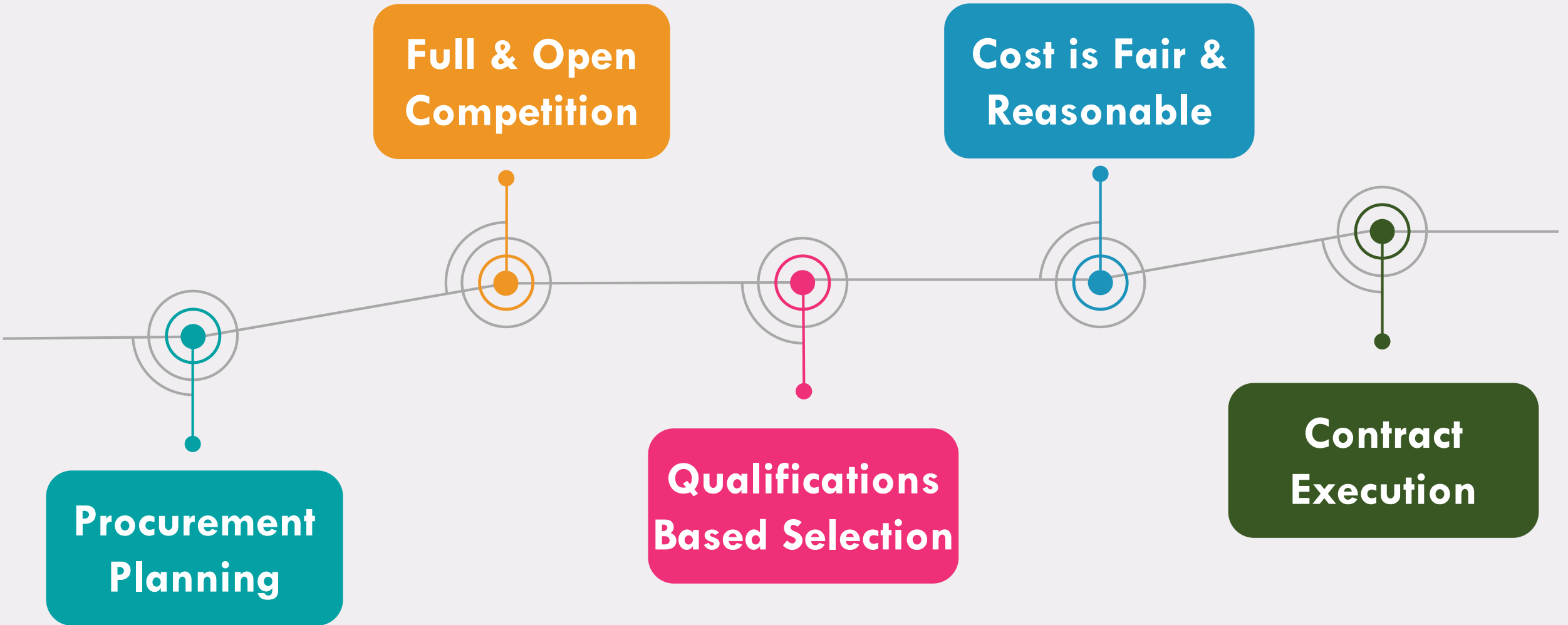
- Verify & Document that proposals meet Responsiveness Items
- Distribute proposals to Consultant Selection Committee
- Evaluate Based on Published Criteria in the solicitation
- Conduct Interviews When Specified in the solicitation
- Rank & Notify Top 3 Consultants & Select Most Qualified Consultant
- Retain All Evaluation Sheets including secondary evaluations

Qualifications  
Based Selection

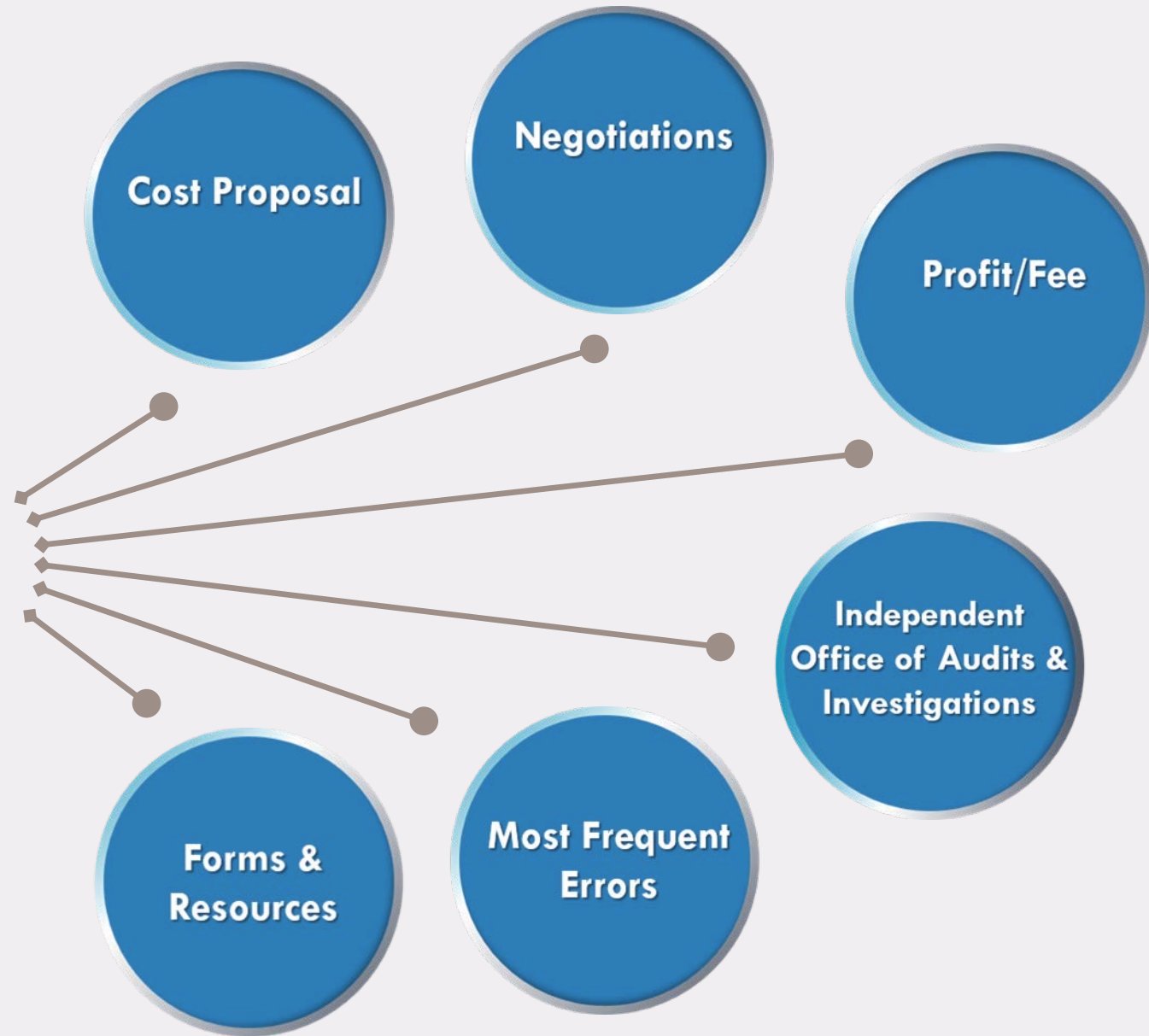




# A&E PROCUREMENT TIMELINE



# Cost is Fair & Reasonable



# Cost Proposal

---

Includes the following:

- Mostly labor
  - Named Key Staff/Classifications
  - Professional and sub-professional; licensed/unlicensed
- Multi-discipline; Office/Field
- Level of Effort (Hours per Task) for Project Specific Contract
- Based on the method of payment
  - Actual cost plus fixed fee
  - Specific rate of compensation (On-call contracts)

Cost is Fair &  
Reasonable



# Cost Proposal

---

Includes the following:

- Labor Costs
  - Actual Wage/Salary
- Indirect Cost Rate (ICR)
- Other Direct Costs (ODC)
  - e.g. Travel/Per Diem, Rental Equipment, or consumable supplies
- Both Prime and Sub-consultants
- Profit or Fee

Cost is Fair &  
Reasonable



# Exhibit 10-H

## Example Cost Proposal Cost Plus Fixed Fee

### ACTUAL COST-PLUS-FIXED FEE OR LUMP SUM (FIRM FIXED PRICE) CONTRACTS

(DESIGN, ENGINEERING AND ENVIRONMENTAL STUDIES)

Note: Mark-ups are Not Allowed

☐ Prime Consultant ☐ Subconsultant ☐ 2<sup>nd</sup> Tier Subconsultant

Consultant

Project No.

Contract No.

Date

#### DIRECT LABOR

Classification/Title	Name	Hours	Actual Hourly Rate	Total
(Project Manager)*			\$	\$
(Sr. Civil Engineer)			\$	\$
(Envir. Scientist)			\$	\$
(Inspector)**			\$	\$

#### LABOR COSTS

a) Subtotal Direct Labor Costs

\$

b) Anticipated Salary Increases (see page 2 for calculation)

\$

c) TOTAL DIRECT LABOR COSTS [(a) + (b)]

\$

#### INDIRECT COSTS

d) Fringe Benefits (Rate: %)

e) Total Fringe Benefits [(c) x (d)]

\$

Overhead (Rate: %)

g) Overhead [(c) x (f)]

\$

h) General and Administrative (Rate: %)

i) Gen & Admin [(c) x (h)]

\$

j) TOTAL INDIRECT COSTS [(e) + (g) + (i)]

\$

#### FIXED FEE

k) TOTAL FIXED FEE [(c) + (j)] x fixed fee %

\$

#### l) CONSULTANT'S OTHER DIRECT COSTS (ODC) – ITEMIZE (Add additional pages if necessary)

Description of Item	Quantity	Unit	Unit Cost	Total
Mileage Costs			\$	\$
Equipment Rental and Supplies			\$	\$
Permit Fees			\$	\$
Plan Sheets			\$	\$
Test			\$	\$

l) TOTAL OTHER DIRECT COSTS

\$

#### m) SUBCONSULTANTS' COSTS (Add additional pages if necessary)

Subconsultant 1:

\$

Subconsultant 2:

\$

Subconsultant 3:

\$

Subconsultant 4:

\$

m) TOTAL SUBCONSULTANTS' COSTS

\$

n) TOTAL OTHER DIRECT COSTS INCLUDING SUBCONSULTANTS [(l)+(m)]

\$

TOTAL COST [(c) + (j) + (k) + (n)]

\$

#### NOTES:

- Key personnel **must** be marked with an asterisk (\*) and employees that are subject to prevailing wage requirements must be marked with two asterisks (\*\*). All costs must comply with the Federal cost principles. Subconsultants will provide their own cost proposals.

Cost is Fair &  
Reasonable



# Contract Cost Negotiations

---

- Review cost proposal from top ranked firm
  - Must be in appropriate format (refer to LAPM Exhibit 10-H)
  - Include detailed/broken down labor costs, and Other Direct Costs
  - Both Prime and Sub-consultants
- Initiate contract audit and review process (LAPM chapter 10, Section 10.1.3) and submit to Caltrans A&I at [conformance.review@dot.ca.gov](mailto:conformance.review@dot.ca.gov)
- Begin contract negotiations with top ranked firm
  - Compare with the Independent Cost Estimate (ICE)
  - Document and retain all cost negotiations records

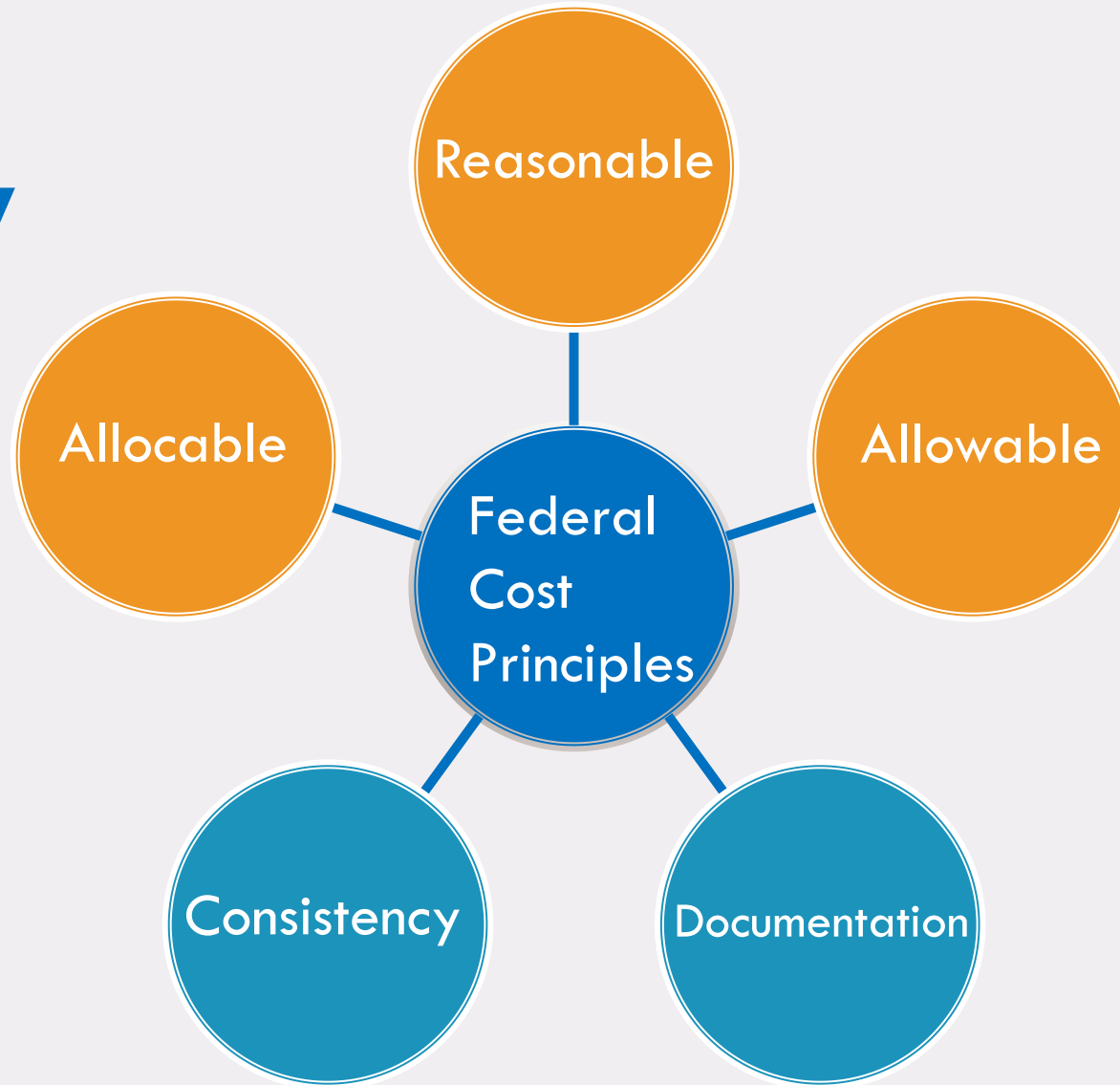
Cost is Fair &  
Reasonable



# Determining Cost Allowability

All costs must meet the  
Federal Cost Principles  
48 CFR 31

Indirect Cost Rate Schedule



Cost is Fair &  
Reasonable

# Cost Analysis

Breakdown of costs and verify if:

- a. The elements add up to the total price
- b. You understand the need for each element of cost; items are ordinary and necessary
- c. The same thing does not appear in more than one statement of cost
- d. General format is the same for similar items or services

Cost is Fair &  
Reasonable

## Ways to document cost analysis

- 1. Actual cost previously incurred
- 2. Most recent cost estimate for the same or similar items or services
- 3. Independent forecast of future costs





# Items that **You** have to **Negotiate**



Cost is Fair &  
Reasonable

# Items Not Negotiated

---

- Firm's indirect cost rate - ICR (or overhead) is subject to Audits review (FAR):
  - Self certified by Consultant in Exhibit 10-K
  - Consultant ICR established by Cognizant Letter
  - Voluntary reduction of consultant indirect cost rate
- Firm's direct labor is subject to verification:
  - Payroll records
  - Benchmarking of consultant direct salary rates

Cost is Fair &  
Reasonable



# Terminate Cost Negotiations

---

If unsuccessful in negotiating contract cost with top ranked firm:

- Formally terminate negotiations with top ranked firm
- Initiate cost negotiation with second ranked firm and repeat steps as before
- Repeat steps with third ranked firm, if necessary

Cost is Fair &  
Reasonable



# Profit/Fee Negotiations

## Profit/Fee (%)

- Scope/size
- Complexity
- Degree of risk
- Duration
- Number of sub-consultants



Cost is Fair &  
Reasonable

**No Mark-Up (additional profit) on sub-consultant's work!**

# Example Profit/Fee Negotiations

Maximum profit/fee is 15%

Estimating Profit (%)	
<u>Factors</u>	<u>Weights</u>
Contract Amount	1.5
Nature of Services	3.0
Period of Performance (duration)	1.5
Utilization (#) of Sub-consultants	2.0
Degree of Risk	2.0

Cost is Fair &  
Reasonable



# Profit/Fee Negotiations

## (Continued)

- **Contract dollar Amount – Larger contracts yields lower profit percentage**

Less than \$2.0 M	1.00
\$2.0 M - \$6.5 M	0.625 – 1.00
Above \$6.0 M	0.625

- **Nature of Services – Deliverable-based work yield higher profit percentage compared with labor-based work**

Deliverable based – Labor based	1.00 – 0.625
---------------------------------	--------------

- **Period of Performance – Longer duration contracts result in greater risks, therefore higher profit percentage**

Less than 1 Year	0.625
1 – 3 Years	0.625 – 1.00
More than 3 Years	1.00

Cost is Fair &  
Reasonable



# Profit/Fee Negotiations

(Continued)

- Number of Sub-consultants

Specialty work performed by Subconsultants increases risk to Prime.

Less than 15%	0.625
15% - 50%	0.625 – 1.00
More than 50%	1.00

- Degree of Risk

Related to level of complexity and sensitivity of the work.

Low to High risk	0.625 - 1.00
------------------	--------------

Cost is Fair &  
Reasonable



# Example Profit/Fee Negotiations

*Given: For an A&E Contract to Provide Preliminary Engineering, Environmental Process and Final Engineering & Design for a Bridge Replacement Project*

- Contract amount \$2 Million
- Contract duration 1.5 Years
- Using Sub-consultant for 35% of the work

Estimating Profit (%)			
<u>Factors</u>	<u>Weights</u>	<u>Rate</u>	<u>Rate X Weights</u>
Contract Amount	1.5	1.000	1.500
Nature of Services	3.0	1.000	3.000
Period of Performance (duration)	1.5	0.850	1.275
Utilization of (#) Sub-consultants	2.0	0.850	1.700
Degree of Risk	2.0	1.000	2.000
Total			9.475

**9.475 %**

Cost is Fair &  
Reasonable





# Independent Office of Audits & Investigations (IOAI)

- Exhibit 10-A (Contracts of \$150,000 and Greater) & Exhibit 10-K  
Must be submitted to IOAI for Indirect Cost Rate (ICR) acceptance prior to contract execution
- ICR Acceptance ID
- For IOAI information and resources visit [ig.dot.ca.gov/resources](http://ig.dot.ca.gov/resources)



**Visit  
Chapter 10.1.3**

**Cost is Fair &  
Reasonable**

# Most Frequent Errors & Deficiencies

## @ Cost is Fair & Reasonable

- No Cost analysis performed
- No documented Cost & Fee Negotiations
- Missing fiscal provisions in Standard Agreement (boilerplate)
- Missing breakdown of ODCs
- Missing cost proposals for the subconsultants
- Incomplete or inadequate cost proposal format used
- Unallowable method of payment used (rate sheets)
- Incomplete Internal Control Questionnaire (ICQ)
- Missing and/or incomplete certification forms (10-Ks)
- Inconsistent Indirect Cost Rate (ICR) in 10-Ks and the cost proposal



Cost is Fair &  
Reasonable

# Forms & Resources

---

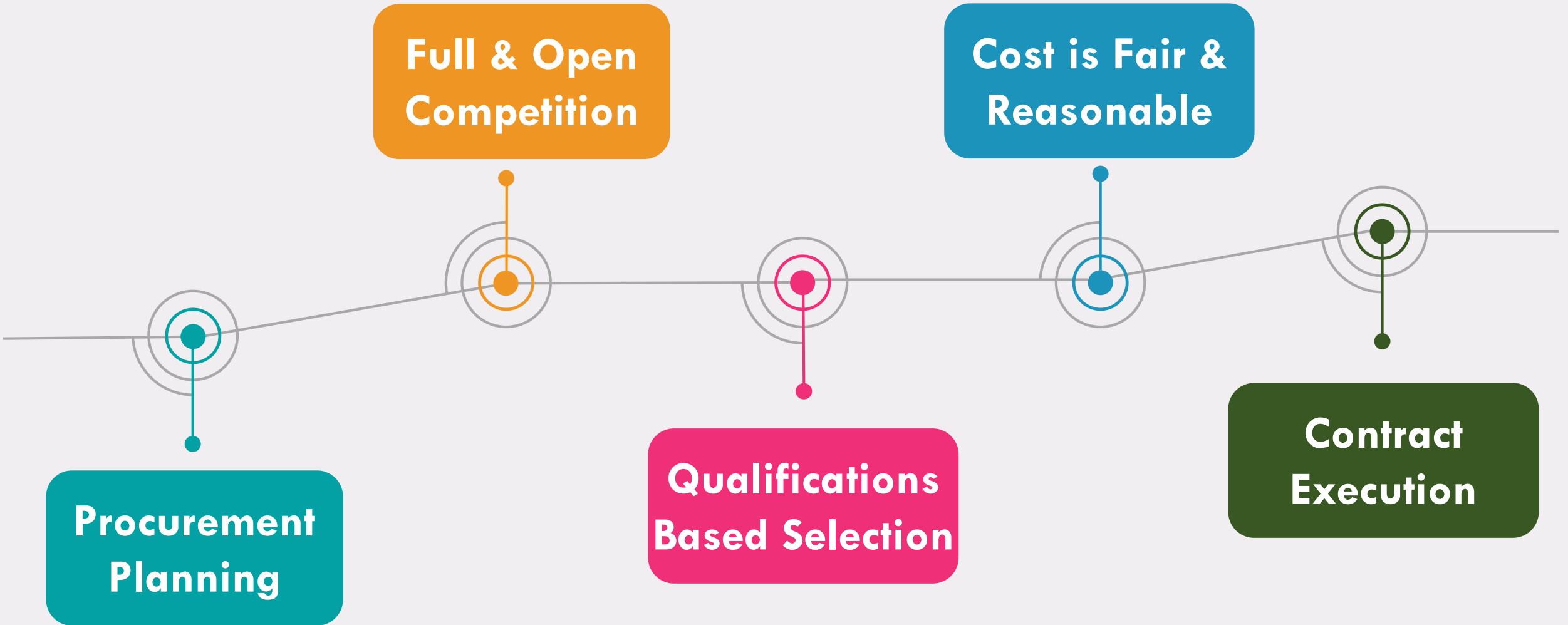
## @ Cost is Fair & Reasonable

- Bottom-up Method ICE Example
- Cost Analysis Sample
- Initiate IOAI Financial Review Including Indirect Cost Rate
  - Submit Exhibit 10-A, Exhibit 10-K, and Exhibit 10-H Cost Proposal
  - See Exhibit 10-A for other applicable documents
  - Includes Consultant's Indirect Cost Rate Schedule

Cost is Fair &  
Reasonable



# A&E PROCUREMENT TIMELINE



# Contract Execution

Amendments

Form  
Submittals

Most Frequent  
Errors

# Contract Amendments

---

Modifies terms of original contract e.g. the duration, Cost

Change of Scope or Added work must be within original scope of work of the contract

For on-call contracts, the amendment is restricted to the work (task order) that has already been started, and cannot include any new work

Must amend contract prior to original contract expiration date

**EXPIRATION DATE**

**YESTERDAY**

Contract  
execution



# Contract Execution

## Submittals to Caltrans

- A&E Contract Reviewer Checklist (Exhibit 10-C)
- Contract DBE Information (Exhibits 10-O1 and 10-O2)
- Executed contract to District
- Exhibit 10-A and associated documents
- Exhibit 10-U when applicable

**NOTE:** Only work performed after Obligation Authority (E-76) approval is eligible for federal/state reimbursement

Contract  
execution



# Most Frequent Errors and Deficiencies

---

## @ Contract Execution

- Lack of Consultant Contract Reviewers Checklist (Exhibit 10-C)
- Incomplete fiscal and miscellaneous provisions in final contract
- Lack of documented contract approval process



Contract  
execution



# End Of Presentation

## Questions

