

**Meeting Notes for the District 4 FICE Liaison Committee Meeting
Friday, June 23, 2017, 3:00 PM**

Action Items from March 2017 Meeting

- a. None.

Statewide Liaison Committee Activities

- a. Selection methods – FICE Response – No modifications at this time (See Exhibit CR 2).
- b. Consultant Marketing Meetings – See Exhibit CR 3
- c. New Procedures Released – See Exhibit CR 4
 - i. Consultant Marketing
 - ii. Audit Process for Professional Services Consultants and Contracts.
- d. New Portfolio for Landscape Projects - See Exhibit CR 5
- e. FDOT TSMO Strategic Plan – See Exhibit CR 6
- f. Requirements for Professional Liability Insurance – See Exhibit CR 7.
- g. CEI Method of Compensation – See Exhibit CR 8. **This topic was deferred to the September 2017 meeting.**

New FDOT Issues:

- a. Proper classification of Consultant's proposed staff in the AFP – For purposes of establishing job classifications, consultants should classify their proposed employees according to the classifications definitions included in the Negotiations Handbook and not based on the title they hold in the firm. Non-compliance delays the Department's review of the proposal, negotiations and impacts the Consultant's proposed fee for a project. The Negotiations Handbook was updated to guide consultants on this requirement – Refer to Section 4 a. (2). **When there are too many instances of this non-compliance, the Procurement Office will return the AFP to the Consultant for corrections. There were discussions about the classification of a Senior Project Engineer being classified as Chief Engineer, in accordance with the Handbook Manual. Consultants pointed out that a Chief Engineer classification ends up handling the duties of Senior Engineer at a higher distribution less than typically allowed.**

- b. Resumes to include technical experience of the proposed staff - Resumes do not include the person's specific role on the specific project and P.E. license number or the year when it was obtained. **Consultants need to prepare resumes that are more comprehensive and more explicit.**
- c. Revised AFP version is being tested by Central Office - A revised version of the AFP was developed by Central Office – much easier to navigate. Central Office is testing. **It is more user friendly. Scheduled to be released soon.**
- d. Negotiations Handbook was updated in May:
 - i. Job classifications definitions were updated. PIO is now labeled as "Community Outreach Specialist"
 - ii. Current Averages for Audited Overhead, Expense and Facilities Capital Cost of Money (FCCM) Rates were updated.
 - iii. Section 7 - Method of Compensation updated the definition of the Specific Rates of Compensation as approved by FHWA. **New contracts will be using loaded rates on design and CEI contracts.**
- e. Engineering v. non-engineering work effort on design/PD&E contracts - We've been struggling a bit with the D-4 rule of thumb for engineering v. non-engineering work effort on design/PD&E contracts. We generally shoot for 40% engineering and 60% non-engineering on an average design project and a 50/50 split on an average PDE study. We're getting some push back on this approach on a lot of projects these days. The Department would like to get some feedback from the group on the appropriateness of this rule of thumb. **It was suggested that a minimum 50/50 split be used because there is more engineering participation on design contracts. D4 will revisit the split. FICE members pointed out that many districts just monitor the average hourly rate for the contract versus negotiating a distribution split. The District staff questioned this as the District pointed out that the Department does not have data of the average rates paid on projects. This is not and will not be the practice in District 4.**
- f. Development of PD&E Alternatives - In the spirit of SWAT and streamlining project delivery, discuss ideas to implement measures to hold the consultant firms accountable for the alternatives developed during PD&E. Although not a true E&O, the Department should not be paying for rework or concepts that are not feasible. How can we approach this with the industry? We would like to emphasize this at our annual consultant forum since we have examples of alternatives being dropped for various issues (issues that should have been identified through the PD&E process). **There needs to be more emphasis made by consultants on screening PD&E alternatives better. The lack of proper**

screening may be attributed to trying to be more creative and overdoing innovation, but overall there seems to be other areas that can be better evaluated for all PD&E alternatives. Improper screening of alternatives has resulted in: 1) unfeasible recommendations, 2) fatal flaws not being addressed and 3) key constraints not being identified or considered, and 4) constructability issues not being considered. The consultants need to take a higher accountability of the PD&E alternatives and recommendations. D4 will also assess process improvements to provide earlier screenings and input on alternatives, especially interchange concepts.

New Local FICE Issues:

- a.* Issuing ERC after expiration date (issued as word document) - impacts to project schedules. **D4 will go back check on the frequency of past due ERC.**
- b.* Detailed Consultant Analysis Report – on Districtwide contracts the reports burdens the prime consultant for the entire contract amount. **It was noted that primes take on the burden of the whole Districtwide contract amount, when in reality may be only receiving 15% to 20% of the work, yet counts against the prime consultant's residuals. It was explained that the District methodology for job cost accounting reduces the potential for unused funds being listed as residuals.**
- c.* Review time on typical section packages, design variances/exceptions and pavement design packages. **It was reported that D4 is: 1) reassigning work flow to improve turnaround time and 2) checking intermittent submittals. The District will track the review time and report back at our next meeting.**

General Discussion

- a.* **There are many factors that the selection committee use when short listing firms. One circumstance discussed was when a consultant submits a letter on a contract where they had recently received a contract from the same department. In these cases the committee often looks to recognize different highly ranked firms who have performed well and not been shortlisted or won a contract lately. We also discussed how this may apply when a consultant submits to a different department. The committee doesn't see any issue with submitting to a different work type soon after an award.**

- b.*** It was noted that per FDOT procedures, selection is based on the highest average score. However, it was noted that the selection committee strongly considers the ordinal ranking, especially when it notes an outlier in the scoring.
- c.*** It was noted that consultants may access the “D4 Design Newsletter” through the Central Office Design site.
- d.*** Beginning July 3, 2017, Task Work Orders on Districtwide contracts, will be executed using DocuSign.

Samantha Hobbs

From: Lauzier, Andy
Sent: Monday, February 13, 2017 2:06 PM
To: Perry, Carla M.
Cc: Geiger, Douglas D.; Drummond, Courtney; Blanchard, Brian; Lauzier, Andy
Subject: RE: Selection Methods
Attachments: Modified Consultant Selection Procedure.pdf; Innovative Optional Selections Idea.pdf

Carla – We did discuss these recommended selection methods with the entire Transportation Committee (we had over 100 attendees) at our meeting in Orlando on January 12th. We spent a lot of time discussing the Pros and Cons of these selection methods but the majority opinion of our FICE member firms is that neither of these modifications should be incorporated into the written Procedures.

As you know we (FICE and FDOT) spent a lot of time and debate to come up with the Selection Procedures as they are currently written and while no Selection Procedure is perfect, the general consensus of the FICE Transportation Committee is that the Procedures, as written, are appropriate and should not be significantly altered. That being said we recognize that there are instances where certain projects can use some sort of expedited process but we believe that the current process of these requests being submitted to Central Office and then FICE notified when an exemption is granted is working very well.

As always we are happy to discuss this further with you, Brian, Courtney or others if you would like.

Thanks

Andre' (Andy) E. Lauzier, P.E.

Vice President – Transportation Planning and Design Director

HDR

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From: Perry, Carla M. [<mailto:Carla.Perry@dot.state.fl.us>]
Sent: Wednesday, February 08, 2017 7:28 PM
To: Lauzier, Andy
Cc: Geiger, Douglas D.; Drummond, Courtney; Blanchard, Brian
Subject: Selection Methods

Andy,

Do you have any feedback from the Transportation Committee on recommended selection methods? I am drafting changes to the Acquisition of Professional Services Procedure for FHWA's initial review, and we would like to consider your input on selection methods with the upcoming procedural update.

Thanks,

Carla M. Perry, P.E.
 Procurement Manager
 Florida Department of Transportation
 605 Suwannee Street, MS 20

Modified Consultant Selection Procedure:

The District is seeking approval to use a modified consultant selection procedure for the selection of our design consultants. This approach would be used on “simple and straight-forward projects” creating efficiencies that benefit our consultant partner and the Department.

A goal for each District is to encourage and bolster the engineering community in our area. This development serves as an asset to the Department by having local engineering firms that produce quality products and are dialed into the local communities, understanding the different dynamics. The local firms in our area often are extensions of, or smaller in size and resources, than in other metropolitan areas within the state. A disadvantage to our local firms has been the ability to compete with larger outside firms that have more resources on-hand and have teams that are designated for marketing and interviewing.

Also, a current concern for the Department is the resource allocation needed to participate as a Technical Review Member, the coordination required by our professional services personnel and the time spent and lost for these efforts. This is especially evident in areas that are leaning more on consultant GEC staffing assistance within the districts and the limitations with this staffing assistance.

The Modified Consultant Selection Procedure is a simplified, time savings approach. The selection process would still encourage marketing meetings to develop working relationships and have the shortlisting compiled from the 2-page letters of interest. Once the teams have been shortlisted the three teams would put together a follow-up of two pages including “Project Issues (50pts), Technical Approach (30pts) and Cost Saving Strategies(20pts)” page that would discuss the project needs, and the final selection would be ranked off of project needs. This method would only be applied on projects that are straight forward projects for example, resurfacing, sidewalk construction, minor drainage projects, and minor safety type projects.

The benefit in savings for using this method is substantial for our consultant partners and for the department. This savings would also help reinforce the message that the Department wants to deliver to our partners, that is, we will be fair with you and you be fair with us, when it comes time to negotiating our projects. These savings are below:

-Consultant Saving:

Interview Prep. (5 members)	20hrs
Interviewing teams at District (5 members including travel)	30hrs
Interview review and Debriefing	10hrs
Avg. Loaded Rates \$150/hr.	\$9000
Times 3	\$ 27,000

-Department Savings

PSU Coordination	10hrs
Interview prep. (4 members)	12hrs
Interviewing teams	20hrs
Selection review	15hrs

Avg. Department Rate \$ 70/hr. \$3800

The District has identified 4 projects that it would like to use the modified consultant selection process as a pilot:

-437616-1-52-01 SR 111 FR SR 15 (US 1) TO MONCRIEF CREEK Resurfacing

-437617-1-52-01 SR 5 (US 1) FR FLAGLER C/L TO SR 206 Resurfacing

-437615-1-52-01 SR 105 RESURFACING FR BUSCH DR TO FUEL FARM Resurfacing (BDI)

-437321-1-52-01 SR 15 (US 1) FR SR 104 TO NASSAU C/L Resurfacing

The District participated in a local FICE coordination meeting on March 8th, where this idea was floated to our consultant partners. The idea was well received and supported by our local group. They are on-board with this approach. The estimated saving from this approach is \$ 120K, which can then be spent on other improvements throughout the state.

Innovative Idea:

This idea is to allow some flexibility within the consultant selection process prescribed in the Acquisition of Professional Services procedure (Topic 375-030-002) by adding the option to select from LOR's and interviews, selection from LOR's, or selection from LOR and abbreviated technical proposals, to the standard selection process for specific project types.

This idea is to allow the District Director and/or Department Head to make the determination based on project needs whether selection from LOR & interview, selection from Letters, or selection by LOR and abbreviated technical proposal is most appropriate at the time the project is being planned to advertise.

Problem or Concern:

The interview process requires/allows for attendance of up to six (6) members of each of the shortlisted teams. In some cases, attendance at the interviews will require travel to, from and during the interviews as well as costs for preparation/rehearsal activities in preparation for interviews. The costs associated with this time consuming process will be captured in the consultant's audited overhead rates and will ultimately be borne by the Department on every contract.

For minor District-wide projects, there is very little specific information to offer other than past experience on these types of projects. As a district, we have also seen instances of firms who produce good engineering work, who for whatever reason struggle with oratory skills in the pressurized interview process. This gives advantages to firms who possess higher levels of speaking/presentation skills and not necessarily the most qualified firms.

Proposed Solution:

Allow the District Director and/or Department Head to make the determination based on project needs whether selection from LOR & interview, selection from Letters, or selection by LOR and abbreviated technical proposal is most appropriate at the time the project is being planned to advertise.

This will allow flexibility within the consultant selection process prescribed in the Acquisition of Professional Services procedure (Topic 375-030-002) by adding the option to select from LOR's and interviews, from LOR's, or by abbreviated technical proposals, to the standard selection process for Project Types. Currently Interviews are the prescribed selection method for the following project types:

- 1) Miscellaneous minor professional services contracts, District-wide (D/W), and continuing contracts for: Design – roadway; drainage; safety; structures; planning; Project Development and Environmental Studies (PD&E); etc.**
- 2) Minor project (planning, PD&E, design, etc. with a total estimated Consultant fee of less than \$2 million); all resurfacing, rehabilitation, and reconstruction (RRR) projects, intermodal projects; and right of way services.**

This also recommends adding abbreviated technical proposal as an optional standard process for the following project type:

1) Complex CEI – Work Groups 10.5.1, 10.5.2, 10.5.3, 10.6.1, 10.6.2, 10.7 and any 99.0 related to major structures, complex interchanges.

Allow the determination to be made by project, whether selection from LOR & interview, selection from Letters, or selection by abbreviated technical proposal is most appropriate at the time the project is being planned to advertise for the above project types.

Benefit:

This idea will reduce costs for consultants associated with preparation and travel, and improve productivity during the professional services acquisition cycle, which will ultimately save project costs for the Department by reducing audited reimbursement rates of consultants. Even minor reductions could result in substantial savings on a statewide level. For example, in FY 2015, the Department executed \$822.47M in consultant projects. If you assume a direct labor multiplier of 3, the savings of 1% on the average overhead rate could result in a savings of \$2.74M in contract costs.

Time Frame:

Implementation of this idea could be accomplished in a relatively short period of time. With proper communication with industry, it could be accomplished in just a month or two if our partners buy into this concept. The challenge could be our partners getting the perception that they will lose face time with Department personnel.

From: [Perry, Carla M.](#)
To: [Lauzier, Andy](#)
Cc: [Lauzier, Andy](#); [Geiger, Douglas D.](#); [Blanchard, Brian](#); [Watts, Jason](#)
Subject: RE: CEI Marketing Meetings for I-75 from Jones Loop Road to US 17 / FIN: 413042-4-62-01 / Ad #18104 / Charlotte County
Date: Thursday, January 19, 2017 11:45:43 AM

If the consultant attendees bring in their own notes (which might be on their own cellphone, on notecards, on an ipad etc.), and those notes are personally referred to by the consultant during the meeting, but not shared directly with FDOT, those personal notes do not need to be provided for future public record requests.

However, notes that are directly shown to FDOT would be subject to public records.

Thanks,

Carla M. Perry, P.E.

Procurement Manager

Florida Department of Transportation

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From: Lauzier, Andy [mailto:Andy.Lauzier@hdrinc.com]

Sent: Thursday, January 19, 2017 11:30 AM

To: Perry, Carla M.

Cc: Lauzier, Andy

Subject: FW: CEI Marketing Meetings for I-75 from Jones Loop Road to US 17 / FIN: 413042-4-62-01 / Ad #18104 / Charlotte County

Importance: High

Carla – Please see the note below from District 1 which was forwarded to me by a FICE Member firm. The question is in regards to notes. I know this is somewhat hard to nail down but my understanding is that if attendees bring in their own notes, and while these may be referred to during the meeting, if they are not shared directly with FDOT then copies of the individuals personal notes do not need to be provided for future Public Records requests.

Please advise.

Thanks

Andre' (Andy) E. Lauzier, P.E.

Vice President – Transportation Planning and Design Director

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From:

Sent: Wednesday, January 18, 2017 4:53 PM

To:

Subject: FW: CEI Marketing Meetings for I-75 from Jones Loop Road to US 17 / FIN: 413042-4-62-01 / Ad #18104 / Charlotte County

Importance: High

From: Gore, Marlana [<mailto:Marlena.Gore@dot.state.fl.us>]

Sent: Wednesday, January 18, 2017 1:29 PM

To: Freeman, John <John.Freeman@dot.state.fl.us>; Sapp, Kayla <Kayla.Sapp@dot.state.fl.us>; Thompson, Jan J <Jan.Thompson@dot.state.fl.us>; Michael, Anita <Anita.Michael@dot.state.fl.us>

Cc: Patel, Nikesh <Nikesh.Patel@dot.state.fl.us>

Subject: CEI Marketing Meetings for I-75 from Jones Loop Road to US 17 / FIN: 413042-4-62-01 / Ad #18104 / Charlotte County

Importance: High

Good afternoon,

The new policy is in effect for retainage of any and all materials which is used for a CEI marketing meeting. A CD will need to be given to the Technical Review Committee (TRC) with anything that you physically bring with you and used in your marketing meeting, for example (but not limited to) marked up plan sheets, a Power Point or any type of presentation, organizational staffing chart, **notes**, etc. The information provided could be subject to a public records request.

The policy will be reiterated to you before the beginning of each meeting.

Please do not hesitate to ask questions.

Thank you for your attention and cooperation with this matter.



Marléna Gore

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Samantha Hobbs

From: Perry, Carla M. [Carla.Perry@dot.state.fl.us]
Sent: Monday, January 23, 2017 6:09 PM
To: Lauzier, Andy; Geiger, Douglas D.
Cc: Blanchard, Brian; Behar, Robert; Carballo, Robert; Sickler, Nina; Douglas, Allen; RForrestel@acp-fl.com; robert.carballo@stantec.com
Subject: Two procedure updates: Consultant Marketing Procedure No. 375-040-10 and Audit Process for Professional Services Consultants and Contracts Procedure No. 375-030-004
Attachments: 375-040-010 Consultant Marketing Procedure.pdf; 375-030-004 Audit Process for Professional Services Contracts.pdf

Two procedures have been updated effective 1/18/17, and are now available on the FDOT Procedures Internet site.

375-040-010	Consultant Marketing
375-030-004	Audit Process for Professional Services Consultants and Contracts

<http://fdotwp1.dot.state.fl.us/ProceduresInformationManagementSystemInternet/?viewBy=2&procType=pr&officeID=32>

The summary of changes is provided below:

Consultant Marketing Procedure No. 375-040-10

Documentation presented by either the Department or a Consultant during a marketing meeting is a public record, subject to Chapter 119, F.S. All documentation left by the Consultant with the Department shall be provided in an electronic format, to the Department staff conducting the meeting. The information shall be forwarded to the Department's Project Manager, and retained in the Project Manager's contract file. The retention period shall be three fiscal years for this information.

Post selection meetings shall not occur until 72 hours following the selection posting. Post selection debriefings may be requested for a period up to two months after final selection.

Regional Consultant meetings (involving 2 or more districts) will be held bi-annually instead of quarterly.

Audit Process for Professional Services Consultants and Contracts Procedure No. 375-030-004

The primary change was updating the audit requirement threshold for "unlimited" status, from \$250,000 to \$500,000. Consultants performing work on a contract under \$500k are not required to submit an audit prepared by an independent CPA; they are able to use a self-certification overhead report. Also, "Definitions" were added to this procedure, and a few other minor edits made to improve clarity.

Thanks,

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Approved:

Effective: January 18, 2017

Review: November 16, 2016

Office: Procurement

Topic No.: 375-040-010-b


Department of Transportation

CONSULTANT MARKETING

PURPOSE:

This procedure defines Department of Transportation (Department) processes which must be followed when conducting professional consultant marketing and other related meetings.

AUTHORITY:

Sections 20.23(3)(a), and 334.048(3), Florida Statutes (F.S.)

SCOPE:

This procedure applies to all offices and levels of Department staff, as well as consultants involved in the professional consultant contract acquisition process.

REFERENCES:

Chapter 119, 287 and Sections 337.107, 337.1075, F.S.
Rule Chapter 14-75, Florida Administrative Code
Procedure No. 375-030-002, Acquisition of Professional Services

BACKGROUND:

Professional consultants represent a significant resource to the Department, enabling the agency to accomplish its mission of delivering a safe transportation system, and annually delivering the Work Program. Through marketing, professional consultants are able to promote their capabilities and experience to Department staff. Conversely, Department Project Managers are afforded the opportunity to communicate relevant project information to consultants. To achieve these objectives, it is the policy of the Department to allow consultants to market their services to Department staff with the Planning, Development (Production), and Operations Offices.

1. CONSULTANT ACQUISITION PLAN (CAP)

The Central Office and District CAPs provide procurement schedule information for projects to be advertised in the fiscal year. The CAP also identifies the Department's

Project Manager responsible for each project. CAPs are available on the Procurement Marketing web page, at the following link:

http://www.fdot.gov/procurement/Consultant_Marketing.shtm

CAP information is updated on a frequent basis.

2. GENERAL MARKETING MEETINGS

Marketing meetings for the purpose of staff introductions, presentations of consultant qualifications to Department staff, or to foster or maintain business relationships may be requested by the consultant firm at any time, but are subject to availability and schedule constraints of Department staff.

3. PROJECT SPECIFIC MEETINGS

Consultant firms who plan to pursue a specific professional services contract as the prime consultant may contact the Department's Project Manager to schedule a meeting to discuss and obtain information on project specifics. Meetings with Project Managers to obtain project specific information will be limited to one meeting per project, of approximately 30 minutes in duration. Visits to obtain project information should be limited to the two month period preceding project advertisement, which represents the optimum time frame for obtaining up-to-date project information. For project specific meetings, Department Project Managers should try to have on hand a draft scope, project schedule, and information on professional services work types under which the project will be advertised. Consultants may meet with the Department prior to advertisement and also during the period when a project is posted on the Procurement Planned Advertisement site. All meetings relative to a project must cease once the project is officially advertised on the Current Advertisement site. In order to ensure a fair, competitive and open procurement process, all communications between interested firms and the Department must be directed to the appropriate Procurement Office, from the point of advertisement through the 72 hour period following the posting of final selection results (unless the project is re-advertised). Failure to comply with this restriction may disqualify a firm from further competition for that project.

Other Department staff not acting in a Project Management role may also be contacted by consultant staff for project specific meetings. Project specific meetings with other Department staff shall be conducted at the convenience of Department staff, where time schedules permit. No visits with any Department staff may occur related to a specific project once the project is advertised under Current Advertisements, through the 72 hour period following the final selection posting.

Large or complex projects including Public Private Partnerships, design-build finance projects, and major projects will necessitate longer project specific meetings.

Additionally, the meeting period for large or complex projects shall be between four to six months prior to project advertisement.

Any documentation presented by either the Department or the Consultant during a marketing meeting is a public record subject to the provisions of Chapter 119, F.S. It is the responsibility of Department staff conducting the marketing meeting to retain a copy of such documentation in the event of a public records request, and forward to the Department's Project Manager for the project. All documentation left by the Consultant with the Department shall be provided in an electronic format. The retention period shall be three fiscal years; the electronic documentation shall be kept with the Department Project Manager's contract file.

4. PROJECT INFORMATIONAL SESSIONS

Project Informational Sessions provide an opportunity for discussion of project requirements on an in-depth basis, disseminating information to a larger audience of consultant firms. Complex projects may warrant Project Informational Sessions to clarify requirements or address unique project characteristics. Project Informational Sessions are held at the discretion of the district offices. Districts may also conduct Regional Consultant meetings, Industry Forums, and CAP meetings. Regional Consultant meetings are generally held on a biannual basis throughout the state, and involve two or more districts. Industry Forums may be conducted for high visibility projects that generate considerable interest. CAP meetings, where held, are conducted on an annual basis at the discretion of the district.

5. NON-MARKETING MEETINGS

Consultant firms actively performing services for the Department who must meet with Department personnel in the capacity of their duties shall advise Department staff of any advertised projects they are pursuing, so that discussions related to the advertised project do not occur.

Consultant firms who competed for a project may request post-selection debriefings with Department staff involved in the proposal evaluation process. Post-selection debriefings will be limited to approximately 30 minutes in duration, and shall not occur until 72 hours following the selection posting. Post-selection debriefings that occur prior to notice of final decision for the procurement will not include records or discussion of records that are temporarily exempt from public records requirements. Such records shall be made available when the Department provides notice of an intended decision, or when the Department rejects all bids, proposals, or replies and ultimately withdraws a reissued competitive solicitation. Please contact the Project Manager for the contract to schedule these debriefing meetings.

6. TRAINING

None required.

7. FORMS

None required.

Approved:

Effective: January 18, 2017
Review: November 1, 2016
Office: Procurement
Topic No.: 375-030-004-f


Department of Transportation

AUDIT PROCESS FOR PROFESSIONAL SERVICES CONSULTANTS AND CONTRACTS

PURPOSE:

To describe the procedures to be used by the Florida Department of Transportation (Department) to schedule and conduct audits/reviews of professional consultants applying for qualification and contracting with the Department.

AUTHORITY:

Sections 20.23(3)(a), and 334.048(3), Florida Statutes (F.S.)

REFERENCES:

Section 20.055, F.S.
Section 287.055, F.S.
Rule Chapter 14-75, Florida Administrative Code (F.A.C.)
Procedure No. 375-030-001, Professional Services Consultant Qualification
Procedure No. 375-030-002, Acquisition of Professional Services
American Association of State Highway and Transportation Officials (AASHTO) Uniform Audit & Accounting Guide

DEFINITIONS:

Unlimited: This level of qualification allows consultants to compete for any projects for which they are technically qualified with the Department, regardless of dollar amount. Continued qualification at this level requires annual submittal of a qualification application along with proof of insurance, an overhead audit prepared by an independent Certified Public Accountant (CPA), and a signed Contractor Cost Certification.

Minor Projects Only: This level of qualification allows consultants to compete for minor projects with fees estimated below \$500,000. Continued qualification at the minor project level requires annual submittal of a qualification form along with proof of insurance. A self-certified overhead report and statement describing the firm's accounting system is ultimately required for contracting with the Department.

Technically Qualified: Consultant firm qualified in one or more work types, as defined in *Rule Chapter 14-75, F.A.C.*

SCOPE:

This procedure applies to Department staff responsible for the review and approval of consultant accounting systems and overhead audits, the review of consultant fee proposals, and the audit of consultant contracts.

The procedural steps are designed to ensure that:

- (1) Consultants' accounting systems meet the Department's standards.
- (2) Consultants comply with the overhead audit requirements designated in *Rule Chapter 14-75, F.A.C.*, and the AASHTO Uniform Audit & Accounting Guide.
- (3) Consultants' fee proposals are adequately supported.
- (4) Audits of professional service agreements selected for audit are conducted, and audit issues resolved in a timely manner.

1. CONSULTANT ACCOUNTING SYSTEM REVIEW

1.1 REQUIREMENTS

- 1.1.1** *Department Rule Chapter 14-75, F.A.C.*, requires that all professional Architects, Engineers, Landscape Architects, Surveyors and Mappers, Transportation Planners, and Consultants providing Right of Way services have an accounting system that meets the Department's requirements as a prerequisite to entering into contract with the Department.
- 1.1.2** Subconsultants providing technical qualification for a prime Consultant who is not prequalified in the specified work type(s) are required to have an accounting system that meets the Department's requirements.
- 1.1.3** If the total contract costs are \$500,000 or more, the prime Consultant must have an approved overhead audit. In addition, all Subconsultants must have an approved overhead audit if the cost of their services are \$500,000 or more.

1.2 ACCOUNTING SYSTEMS REQUIREMENTS

1.2.1 To meet the Department's standards, an accounting system must separate and accumulate both direct and indirect costs; and must be adequate to support billings to the Department and other clients. Generally, a job-cost accounting system is required; however, in those instances where Consultant billings to the Department are made exclusively on the basis of published fee schedules, and unit-rate (loaded billing rate) basis, a formal job-cost accounting system will not be required.

The Department's minimum standards for an acceptable job-cost accounting system are:

- a. A general ledger in which direct and indirect costs are separated and accumulated.
- b. Maintenance of individual job cost ledgers or reports in which costs, directly related to specific jobs or projects, are recorded and support the direct costs contained in the general ledger.
- c. Periodic reconciliation of subsidiary job cost ledgers or reports with the direct costs recorded in the general ledger.
- d. Use of time and expense reports for the separation of direct and indirect costs.

1.2.2 Consultants who bill exclusively on a unit-rate basis or published price lists are required to maintain accounting systems that meet the following minimum standards of the Department:

- a. A general ledger in which direct and indirect costs are separated and accumulated.
- b. Use of time sheets and expense reports for the separation of direct and indirect costs.
- c. A subsidiary ledger to track jobs on a unit-rate basis (fee schedule).
- d. Records substantiating invoicing on a unit-rate basis and demonstrating that the Department is charged the same unit-rate (or less) per fee schedule as other clients for the same services.

1.3 REVIEW OF ACCOUNTING SYSTEMS FOR CONSULTANTS PURSUING

“UNLIMITED” STATUS

- 1.3.1 Consultants who have an established job-cost accounting system and at least one year of accounting history must have an evaluation of their accounting system issued by an independent Certified Public Accountant (CPA) or governmental agency. The requirements of the report are described in the section on annual overhead audits.
- 1.3.2 Consultants who have been in business for less than one complete fiscal year may have their accounting systems reviewed by the Department's Procurement Office, at the Procurement Office's discretion, when requested by the Consultant or the contracting office.
- 1.3.3 The Department reserves the right to conduct an accounting system review of any Consultant or Subconsultant doing business or interested in doing business with the Department.

2. ANNUAL OVERHEAD AUDITS

2.1 REQUIREMENTS (FOR “UNLIMITED” STATUS)

As part of the prequalification process described in *Rule Chapter 14-75, F.A.C.* and further discussed in *Procedure No. 375-030-001, Professional Services Consultant Qualification*:

- a. Consultants are required to submit to the Department, as part of their prequalification package, an overhead audit for their most recently completed fiscal year.
- b. Consultants qualifying solely for contracting under Group 22, Acquisition Business Damage Estimating and Estimating Review, are not required to submit an annual overhead audit.
- c. If audited overhead rates are not available for the most recently completed fiscal year and the Consultant has not previously prequalified with the Department, audited rates for the preceding year, if not more than 18 months old, may be submitted.
- d. Consultants who have been in business for less than one complete fiscal year, or who have reorganized to the extent that the most recent overhead audit does not reflect their current business operations or who have established and operated an accounting system acceptable to the Department for a period of less than one

year may submit a projected estimate of revenues, expenditures and overhead rate. The Procurement Office will review the Consultant's accounting system and the projection. The Procurement Office will review the interim overhead rate which may be used in Department contracts until the Consultant has completed the first fiscal year's operations and submitted an independent overhead audit.

- e. Subsequent qualification updates will be required within six months following the close of the Consultant's fiscal year and will require submission of an overhead audit for the fiscal year just ended.

2.2 QUALIFIED AUDITORS

2.2.1 The audit will be performed by an independent CPA, an agency of the Federal government, a state transportation agency or similar audit agency.

2.2.2 The consultant's auditors must be familiar with the **Government Auditing Standards**, the applicable cost principles and procedures set forth in the **Federal Acquisition Regulations (FAR)**, the AASHTO Uniform Audit & Accounting Guide, State regulations and the general practices of the Department.

2.3 CONTENTS OF OVERHEAD AUDIT REPORT

As part of the prequalification process described in **Rule Chapter 14-75, F.A.C.**, the overhead audit report will contain the following:

- a. An independent auditor's report on the statement of direct labor, fringe benefits and general overhead.
- b. A statement that overhead schedules supporting the statement of direct labor, fringe benefits and general overhead were prepared on the basis of accounting practices prescribed in the **Federal Acquisition Regulations (FAR), 48 CFR, Part 31**.
- c. A statement by the independent auditor that the audit was performed in accordance with **Government Auditing Standards** and in compliance with Federal and State requirements.
- d. An evaluation as to the adequacy of the consultant's accounting system to segregate and accumulate direct job costs, as well as indirect costs.

- e. A statement providing assurance that the consultant's method of estimating costs for price proposals is consistent with the accumulation and reporting of costs under its accounting system.
- f. An Independent ***Auditor's Report on Internal Accounting Controls.***
- g. An Independent ***Auditor's Report on Compliance.***
- h. A statement of reimbursement rates for indirect costs (overhead), direct expenses, and Facilities Capital Cost of Money (FCCM), if applicable.

2.4 REVIEW OF AUDIT REPORTS

The overhead audit reports will be reviewed by the Procurement Office to ensure compliance with Department's requirements. In addition, the Office of Inspector General (OIG) auditors may conduct a CPA Work Paper Review of a consultant's overhead rate and other established cost rates as part of the Annual Work Plan, based on a risk assessment.

3. CONSULTANT FEE PROPOSALS

3.1 REVIEW OF FEE PROPOSAL AUDIT PACKAGE

As part of the requirements described in ***Section 287.055, F.S.*** and ***Rule Chapter 14-75, F.A.C.***:

- 3.1.1 Consultants selected for a project are required to submit with their fee proposal an audit package that supports the costs contained in the fee proposal.
- 3.1.2 The audit package will be reviewed by the responsible Professional Service Unit (PSU) to ensure that the audit package contains the information stipulated in ***Procedure No. 375-030-002, Acquisition of Professional Services.***
- 3.1.3 The audit package will contain wage rates and reimbursement rate data, certified by the consultant. Subconsultant costs less than \$500,000 can also be substantiated by self-certification.
- 3.1.4 The contracting officer will require the Consultant to submit an audit

package to support the proposed costs. An independent overhead audit will not be required to support the proposed rates for those non-qualified Consultants whose fee proposal is less than \$500,000. However, such Consultants will be required to submit documentation acceptable to the contracting officer to support their proposed rates or fees.

3.1.5 The complete audit package should be maintained with the contract negotiation documents as part of the project file.

4. INTERIM AUDITS

Interim audits will not generally be conducted unless the contract extends beyond twenty-four months in duration and a specific request is made to the OIG for such an audit. The Project Manager, District Professional Services Administrator, Procurement Office or other appropriate Department personnel may request an interim audit of a project when an audit is considered necessary.

5. POST AUDITS

5.1 SELECTION PROCESS

All professional agreements are subject to post audits, however, only a sampling will be selected, based on a risk assessment. Contracts selected for post audits will be determined by the OIG based primarily on the recommendations of the districts and other factors. The factors include: previous experience or lack thereof with the consultant, dollar amount, method of compensation, the Consultant's job cost report and available audit resources.

5.2 INITIATING THE AUDIT

To initiate the post audit process the following procedures should be followed:

1. The OIG will determine whether or not the completed contract will be audited.
2. The audit should consist of an examination of the Consultant's accounting records and appropriate documents to enable the auditor to express an opinion on the reasonableness and allowability of the claimed and reimbursed costs.

5.3 AUDIT REPORT

Upon completion of the audit, the findings in the report should be reviewed with the PSU. After review and resolution of any internal concerns regarding the audit a final report will be issued. Copies of the report should be sent to the District Professional Services Administrator, the Department's Secretary, the Department's Comptroller, the Federal Highway Administration, the Auditee and Central Office Procurement.

5.4 RESOLUTION OF AUDIT ISSUES

5.4.1 The PSU will review the final audit report and provide a written acceptance or rejection of the findings within 20 working days as provided for in **Section 20.055, F.S.** If the audit findings are rejected, the OIG and Procurement Office should be notified.

5.4.2 If any additional funds due to the consultant were identified in the audit and the contracting office accepts the findings, that office should advise the consultant to submit an invoice.

5.4.3 If the audit findings indicated that the consultant was overpaid and the PSU accepts the findings, the PSU should prepare and send a notice to the consultant advising the consultant that if the audit findings are contested, the consultant must submit a rebuttal, with documentation, within 30 calendar days to the OIG. Otherwise payment must be received by the Accounts Receivable Section (ARS) within 60 days. Copies of the notice will be provided to the OIG, Procurement Office and the ARS for establishing an accounts receivable entry.

5.4.4 If a timely rebuttal is received, the OIG will forward the rebuttal to the ARS and the contracting office for review. The OIG in consultation with the contracting office will determine the validity of the consultant's rebuttal within 30 calendar days and advise the consultant, the contracting office, the Procurement Office, and the ARS of their decision.

5.4.5 If no rebuttal is received or if a rebuttal is received and rejected, the ARS will collect the due funds in accordance with **Section 17.20, F.S.**

6. TRAINING

Training in this procedure will be included in periodic Project Manager and Professional/Contractual Services training programs.

7. FORMS

There are no forms required.

From: [Perry, Carla M.](#)
To: [Lauzier, Andy](#)
Cc: [Doug.Geiger \(Doug.Geiger@rsandh.com\)](#); [Foley Paul G.](#)
Subject: RE: Portfolio's for Landscape Architects
Date: Tuesday, February 21, 2017 5:41:29 PM
Attachments: [image001.png](#)

Thanks Andy.

Thanks,

Carla M. Perry, P.E.
Procurement Manager
Florida Department of Transportation
605 Suwannee Street, MS 20
Tallahassee, FL 32399
850-414-4484
carla.perry@dot.state.fl.us

From: Lauzier, Andy [mailto:Andy.Lauzier@hdrinc.com]
Sent: Tuesday, February 21, 2017 1:52 PM
To: Perry, Carla M. <Carla.Perry@dot.state.fl.us>
Cc: Lauzier, Andy <Andy.Lauzier@hdrinc.com>; Doug.Geiger (Doug.Geiger@rsandh.com) <Doug.Geiger@rsandh.com>; Foley Paul G. <pfoley@kcaeng.com>
Subject: FW: Portfolio's for Landscape Architects

Carla – Input on the proposal from FDOT to ask for Portfolio's from Landscape Architects as part of the selection process. At this point, based on input from our FICE Member Firms who provide Landscape Design Services, we are not in favor of asking for Portfolio information from the Landscape Architects during the Selection Process.

As noted by Paul below we are certainly open to discussing this further with FDOT.

Thanks

Andre' (Andy) E. Lauzier, P.E.

Vice President – Transportation Planning and Design Director

HDR

315 E. Robinson St., Ste. 400
Orlando, FL 32801
D 407.420.4254 M 407.463.7424
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hdrinc.com/follow-us

From: Paul G. Foley [mailto:Paul.Foley@kisingercampo.com]
Sent: Tuesday, February 21, 2017 10:48 AM
To: Lauzier, Andy
Subject: Portfolio's for Landscape Architects

Andy,

I have met with Landscape Architects to discuss the question raised at the transportation meeting – “Please provide FICE’s feedback on the idea of having Landscape Architects bring in a portfolio of 3 to 5 projects for standalone Landscape Architect projects.”

The Landscape Architects I met with are with firms who are FICE member firms. They also serve on a Transportation subcommittee of the Florida Chapter of the American Society of Landscape Architects – Government Affairs Committee.

They included **(CARLA: I removed the individuals names to keep this confidential from a FICE perspective. There were four individuals who met with Paul on this . – Andy)**

- It was the consensus of the group that Landscape Architecture should be treated the same as all other disciplines (engineering, environmental, survey, planning, architecture, etc.) and the selection process used for one should be used for all.
- They acknowledged that there is usually only one Landscape Architect on the selection committee, or none if the district uses a GEC to fill the District Landscape Architect role.
- They were concerned that “the prettiest picture” would sway the TRC unfairly.
- They are concerned with the cost of putting together the portfolio. Note the extent of the portfolio was undefined.
- The concern was raised – why not use a portfolio for a bridge selection project where aesthetics is very important.
- Questioned, with people changing firms, would the short listed team be able to use an individual team member’s experience or just the firm’s experience in the portfolio?
- It is the opinion of the group that there are many technical areas to discuss and selection should be based on their technical knowledge and approach.

In summary, the group opposes the portfolio proposal.

If, in your meetings with FDOT, FDOT still wishes to pursue this approach, the Landscape Architects that have provided this input would like the opportunity to discuss this further with FDOT.



Paul G. Foley, PE
President

Email: Paul.Foley@kisingercampo.com

Work: 813.871.5331 ext 4148

Cell: 813.230.7157

201 N. Franklin St., Suite 400, Tampa, FL 33602

CONFIDENTIALITY NOTE: This communication may be privileged and confidential. It should not be disseminated to others. If received in error, please immediately reply that you have received this communication in error and then delete it.

Thank you.

From: [Perry, Carla M.](#)
To: [Lauzier, Andy](#)
Cc: [Doug.Geiger \(Doug.Geiger@rsandh.com\)](#); [Samantha Hobbs](#)
Subject: RE: FDOT TSM&O Strategic Plan - for your review
Date: Friday, March 31, 2017 1:32:49 PM
Attachments: [image001.png](#)

Thanks so much Andy, and many thanks to FICE. I will pass these comments along to TSM&O. Thanks & have a good weekend.

Thanks,

Carla M. Perry, P.E.
 Procurement Manager
 Florida Department of Transportation
 605 Suwannee Street, MS 20
 Tallahassee, FL 32399
 850-414-4484
carla.perry@dot.state.fl.us

From: Lauzier, Andy [mailto:Andy.Lauzier@hdrinc.com]
Sent: Thursday, March 30, 2017 5:11 PM
To: Perry, Carla M. <Carla.Perry@dot.state.fl.us>
Cc: Lauzier, Andy <Andy.Lauzier@hdrinc.com>; Doug.Geiger (Doug.Geiger@rsandh.com) <Doug.Geiger@rsandh.com>; Samantha Hobbs (shobbs@Fleng.org) <shobbs@Fleng.org>
Subject: RE: FDOT TSM&O Strategic Plan - for your review

Carla – FICE received comments from a few of our member firms. I am providing these comments without the specific Company reference however I am sure any of these individual firms would be happy to clarify their comments, etc. if necessary.

FICE Firm #1 - The following are comments from our staff, which are all minor in context:

1. Page ii - D. Section – last sentence – add “managed’ before price (noting on page 17 – Express Lane – they use “managed priced lanes and reversible lanes”)
2. Page 2 - Data Sources – (I am assuming that 3-party data, (i.e., HERE, etc. data) would be stored in RITIS, if not add it).
3. Page 4 - Statewide ITS WAN – Performance Metrics – consider adding also: (1) Number of times the WAN was on a redundant back-up communications, and (2) Percent of time the WAN was on a redundant back-up communications, and (3) How did the WAN operate during a major statewide or regional emergency or event.
4. Page 5 - Table 1 – Performance Metric(s) – consider adding Crashes & Fatalities (these measures we used and discussed to the public on the I-95 Express to show

that the project was/is successful), and they understood these measures completely) Also, noting on Page 7 - Under Performance Metrics and Measuring Effectiveness – the statement “... the consensus reached for this Strategic Plan was to focus on primarily mobility performance metrics.”, so I understand why they may have decided to not include the “Crashes & Fatalities” measures.

5. Page 12 - 2nd paragraph – 3rd sentence – add “include’ before ATSPM.
6. Page 14 - B. Congestion Challenges – 2nd paragraph – consider adding FL511 and other traveler information, such as WAZE, because they do influence mobility trends.
7. Page 17 - Table 5 - Freeway Management – consider adding add “TIM”, also did not see any specific discussion about “Freeway Management Teams” (TIM).
8. Page 17 - Table 5 – Information Systems – consider adding “RITIS”.
9. Page 17 - last paragraph – last sentence – consider adding “TPOs” after MPOs.
10. Page 25 - Maintenance Funding – 2nd paragraph – last sentence – consider adding TPOs after MPOs.
11. Page 27 – D. TSM&O Program Outreach – 2nd paragraph – 1st sentence - consider adding TPOs after MPOs.
12. Page 41 - #2 (AVL) – last sentence – “off” instead of “of”
13. Page 49 - Appendix C – Acronym - consider adding CARS – Crash Analysis reporting System
14. Page 50 - Appendix C – Acronym consider adding Signal-4 – Signal Four Analytics – A Florida Crash data Analysis Software
15. Page 50 - Appendix C – Acronym consider adding TIM - Traffic Incident Management Teams (if you decide to had discuss about TIM in the document)

FICE Firm #2 -

RE: TSM&O Vision, Mission, and Goals

Our comments and observations:

- Operations and maintenance is mentioned throughout the document, however it should expand on preservation to protect FDOT investments on the State Highway System. Add an appendix with a comprehensive list of relevant guides and manuals.

Thanks for the review opportunity.

FICE Firm #3 –

I have no technical comments. It seems like a comprehensive plan.

From a readability standpoint, the document is a bit hard to follow with all of the acronyms in it even though they are defined. I found myself flipping back and forth between the content and list of acronyms in the appendix.

From a PD&E practitioners’ standpoint, most of what is covered in this plan seems to be transparent in the PD&E process. Most of the strategies seem to be technology-based although the goals for things like integrated corridor management systems do

seem logical and actually seem to dove-tail into some of the policies and strategies I've seen for the complete streets initiative.

I could see doing more detailed evaluations of TSM&O applications on some PD&E studies as long as this is properly scoped and budgeted. Typically this topic is glossed over in PD&E because we say these strategies "alone" don't usually meet a projects' purpose and need for additional "capacity". The plan recognizes this situation. Seems to me that on some projects, TSM&O applications could actually become part of the overall improvement strategies for "build alternatives" that are evaluated for capacity improvements. In other words, this could give TSM&O strategies more emphasis if they were developed as actual "commitments" as part of a preferred alternative coming out of a PD&E study.

Carla – As you can see these comments are for the most part minor in nature. As always, FICE appreciates the opportunity to review these types of documents.

Thanks

Andre' (Andy) E. Lauzier, P.E.
D 407.420.4254 M 407.463.7424

hdrinc.com/follow-us

From: Perry, Carla M. [<mailto:Carla.Perry@dot.state.fl.us>]

Sent: Thursday, March 16, 2017 1:13 PM

To: Lauzier, Andy; Doug.Geiger@rsandh.com

Cc: shobbs@Fleng.org; Blanchard, Brian; Ponnaluri, Raj; Tillander, Trey; Heery, Fred H.; Bahler, Stephen; Rich, Jennifer; Chunn, Mikayla

Subject: FW: FDOT TSM&O Strategic Plan - for your review

Andy,

Please see attached draft of the Transportation Systems Management & Operations Strategic Plan. The Department wishes to receive feedback from FICE, as referenced below. Please provide comments, by March 30th.

Thanks,

Carla M. Perry, P.E.
Procurement Manager
Florida Department of Transportation
605 Suwannee Street, MS 20
Tallahassee, FL 32399
850-414-4484
carla.perry@dot.state.fl.us

From: Ponnaluri, Raj

Sent: Thursday, March 16, 2017 1:03 PM

To: Perry, Carla M. <Carla.Perry@dot.state.fl.us>
Subject: RE: FDOT TSM&O Strategic Plan - for your review

Good Afternoon Mr. Lauzier:

The Florida Department of Transportation (FDOT) appreciates the partnership with the Florida Institute of Consulting Engineers (FICE). The Transportation Systems Management and Operations (TSM&O) section of the State Traffic Engineering & Operations Office has been working with the Central Office divisions and District offices to update the TSM&O Strategic Plan. We had two comprehensive internal reviews, and are now ready for industry review. You will see that the Plan spells out the TSM&O Vision, Mission, and Goals while presenting a TSM&O snapshot along with challenges and opportunities to mainstream the program in Florida. The Plan also provides the next steps and a Strategy Toolbox.

We hope you find the draft document useful and interesting. Please circulate it to your Board for review and comment, or let us know if you would like for us to send this document to anyone else at your organization. We would greatly appreciate your input by **March 30th** so that we may apprise the FDOT's TSM&O Leadership Team on April 5th.

You may please respond to this mail (raj.ponnaluri@dot.state.fl.us) with a cc to jennifer.rich@dot.state.fl.us and mikayla.chunn@dot.state.fl.us.

Thank you again.

Raj Ponnaluri, PhD, P.E., PTOE
State Arterial Management Systems Engineer
Florida Department of Transportation
605 Suwannee St.; MS 90
Tallahassee, FL 32399-0450
(850) 410-5616
raj.ponnaluri@dot.state.fl.us

Physical Address: Rhyne Bldg, 2740 Centerview Dr., Suite 3B, Tallahassee, FL 32301



Samantha Hobbs

From: Perry, Carla M. [Carla.Perry@dot.state.fl.us]
Sent: Tuesday, April 11, 2017 12:55 PM
To: Lauzier, Andy
Cc: Geiger, Douglas D.; Blanchard, Brian
Subject: Professional Liability Guidelines
Attachments: Agenda and Handouts for Relations Committee meeting 1-11-17.pdf; PLI Guidelines 7-27-16.pdf

Andy,

FDOT provided you with a copy of the Department's professional liability insurance guidelines on January 11th, as part of the attached handouts from the FDOT-FICE Relations Committee meeting. A separate copy of the PLI Guidelines is attached. Has there been any feedback or comments from FICE regarding the PLI Guidelines that you can share?

Thanks,

Carla M. Perry, P.E.
 Procurement Manager
 Florida Department of Transportation
 605 Suwannee Street, MS 20
 Tallahassee, FL 32399
 850-414-4484
carla.perry@dot.state.fl.us

From: Perry, Carla M.
Sent: Tuesday, January 10, 2017 10:24 PM
To: Boxold, Jim <Jim.Boxold@dot.state.fl.us>; Blanchard, Brian <brian.blanchard@dot.state.fl.us>; Perry, Carla M. <Carla.Perry@dot.state.fl.us>; Lattner, Tim <Tim.Lattner@dot.state.fl.us>; Behar, Robert <BBBehar@rjbehar.com>; Carballo, Robert <carballo@c3ts.com>; 'andy.lauzier@hdrinc.com' <andy.lauzier@hdrinc.com>; 'Doug.Geiger@rsandh.com' <Doug.Geiger@rsandh.com>; Sickler, Nina <nsickler@landmarkengineer.com>; Douglas, Allen <allen@fleng.org>; 'RForrestel@acp-fl.com' <RForrestel@acp-fl.com>; Iliff, Stephanie <Stephanie.iliff@dot.state.fl.us>; robert.carballo@stantec.com; Drummond, Courtney <Courtney.Drummond@dot.state.fl.us>; Iliff, Stephanie <Stephanie.iliff@dot.state.fl.us>; Matiyow, Angela <Angela.Matiyow@dot.state.fl.us>
Subject: FDOT-FICE Relations Committee meeting

The agenda and handouts for tomorrow's FDOT-FICE Relations Committee meeting are attached.

FDOT-FICE Relations Committee Meeting Minutes
January 11, 2017
1:00pm- 2:30pm
Executive Conference Room, CO-Burns Bldg.

Thanks,

Carla M. Perry, P.E.

Revised – FDOT Procurement Office Guidelines for Assessing Professional Liability Insurance Thresholds for Professional Services Contracts (Typical Only)

Section 337.106, Florida Statutes requires that "except for any person or firm providing professional services of a research or training nature, any person or firm rendering legal, architectural, engineering, or other professional services to the department shall have and maintain during the period the services are rendered a professional liability insurance policy or policies...in an amount deemed sufficient by the Department."

Professional liability insurance (PLI) protects the Department against claims arising from acts, errors or omissions committed in the performance or non-performance of professional services rendered by the consultant firm.

Assessing appropriate coverage levels for FDOT contracts can be a difficult proposition. Insurance providers and underwriters as well as other state agencies are reluctant to go on record with recommendations for minimum thresholds or guidelines. If possible, it is always preferable to quantify the risks inherent with the professional services being rendered.

PLI coverage recommendations for Design services and PD&E with Design contracts are as follows:

Estimated Construction Value	Prime Consultant Minimum Policy Limit
Up to \$2,500,000	\$250,000
\$2,500,001 to \$5,000,000	\$250,000
\$5,000,001 to \$7,500,000	\$375,000
\$7,500,001 to \$10,000,000	\$500,000
\$10,000,001 to \$15,000,000	\$750,000
\$15,000,001 to \$20,000,000	\$1,000,000
\$20,000,001 to \$25,000,000	\$1,250,000
\$25,000,001 to \$30,000,000	\$1,500,000
\$30,000,001 to \$35,000,000	\$1,750,000
\$35,000,001 to \$40,000,000	\$2,000,000
\$40,000,001 to \$45,000,000	\$2,250,000
\$45,000,001 to \$100,000,000	\$5,000,000
\$100,000,001 or greater	Please submit to Central Office Procurement for coordination of review (send brief e-mail describing project).

Revised – FDOT Procurement Office Guidelines for Assessing Professional Liability Insurance Thresholds for Professional Services Contracts (Typical Only)

PLI coverage recommendations for Construction Engineering Inspection (CEI) services contracts are as follows:

Estimated Construction Value	Prime Consultant Minimum Policy Limit
Up to \$5,000,000	\$250,000
\$5,000,001 to \$20,000,000	\$500,000
\$20,000,001 to \$30,000,000	\$750,000
\$30,000,001 to \$40,000,000	\$1,000,000
\$40,000,001 to \$60,000,000	\$1,500,000
\$60,000,001 to \$80,000,000	\$2,000,000
\$80,000,001 to \$100,000,000	\$2,500,000
\$100,000,001 to \$120,000,000	\$3,000,000
\$120,000,001 to \$140,000,000	\$3,500,000
\$140,000,001 to \$160,000,000	\$4,000,000
\$160,000,001 to \$180,000,000	\$4,500,000
\$180,000,001 to \$200,000,000	\$5,000,000
\$200,000,001 or greater	Please submit to Central Office Procurement for coordination of review (send brief e-mail describing project).

PLI coverage recommendations for PD&E studies (without design) are as follows:

Contract Value	Prime Consultant Minimum Policy Limit
Up to \$2,500,000	\$250,000
\$2,500,001 to \$5,000,000	\$250,000
\$5,000,001 to \$7,500,000	\$375,000
\$7,500,001 or greater	\$500,000

PLI coverage recommendations for Planning contracts are as follows:

Contract Value	Prime Consultant Minimum Policy Limit
Up to \$500,000	\$100,000
\$500,000 or greater	\$250,000

For district-wide and continuing contracts, the minimum policy limits should be established as \$250,000. Consultants will normally have the option to provide either blanket coverage or project specific coverage although project specific insurance may be required by the Department when the degree of risk is greater due to size or type of project.

There will be exceptions for unique high risk projects, such as projects with highly technical design or construction features; please confer with Central Office Procurement in those cases for additional guidance.

FDOT looks to the prime to be ultimately responsible for the quality of the work. PLI requirements are imposed on the prime by FDOT. Subconsultants/subcontractors are subject to limits as specified by the Prime.

From: [Perry, Carla M.](#)
To: [Doug Geiger \(Doug.Geiger@rsandh.com\)](#)
Cc: [Blanchard, Brian](#); [Lauzier, Andy](#)
Subject: FW: CEI Method of Compensation
Date: Wednesday, April 5, 2017 7:37:14 PM

Doug,
 Fyi, in case you are asked. Let me know if you have any questions.

Thanks,

Carla M. Perry, P.E.
 Procurement Manager
 Florida Department of Transportation
 605 Suwannee Street, MS 20
 Tallahassee, FL 32399
 850-414-4484
carla.perry@dot.state.fl.us

From: Perry, Carla M.
Sent: Wednesday, April 5, 2017 7:35 PM
To: Blair, Brian <Brian.Blair@dot.state.fl.us>
Cc: Leopold, Elizabeth <Elizabeth.Leopold@dot.state.fl.us>; Reyes, Jamie <Jamie.Reyes@dot.state.fl.us>; Sands, Jon <Jon.Sands@dot.state.fl.us>; Penny, Brian <Brian.Penny@dot.state.fl.us>
Subject: RE: CEI Method of Compensation

Brian,
 Please note; 23 CFR 172 does allow specific rates method of compensation as one of the acceptable payment methods for federal-aid contracts:

(b) *Payment methods.* (1) The method of payment to the consultant shall be set forth in the original solicitation, contract, and in any contract modification thereto. The methods of payment shall be: Lump sum, cost plus fixed fee, cost per unit of work, or specific rates of compensation. A single contract may contain different payment methods as appropriate for compensation of different elements of work.

Out of the available methods of compensation allowed for FHWA contracts (lump sum negotiated price, cost plus fixed fee, cost per unit of work, specific rates of compensation), the specific rates method of compensation payment method is well suited for CEI contracts. The purpose of lump sum operating margin (fixed fee) on a cost reimbursement contract is to incentivize the Consultant to complete the project quickly and not exhaust the entire

maximum limiting amount established for the project. Since the duration of the CEI contract is not solely within the purview/control of the CEI firm, it is not always possible for the CEI to cause a shorter duration construction project. The other compelling reason why FDOT transitioned to the specific rates method of payment is the Department's use of consultants as support staff. FDOT has privatized many Department Project Management functions, and uses consultants extensively in support roles. Many of these consultants have optics into CITS and other consultant's contracts, in order to assist with reviewing invoices, or managing task work orders, or assist with negotiating task work order fees or consultant work effort on a contract or task work order. Use of the specific rates method of compensation allows consultants acting in a Project Management support role for the Department to be able to see the consultant contracts they are responsible for managing, without violating federal law. Federal law does not allow consultants to see other consultants' confidential overhead rates. Consultant audit information (overhead rates) may not be shared with other consultant firms, pursuant to federal law (23 USC 112; and 23 CFR 172.11(d)). Finally, use of specific rates method of compensation will vastly simplify invoicing for the Department and Consultant, reducing calculation errors and delays due to CITS corrections. On this basis, the Department requested approval from FHWA to utilize specific rates method of payment for task work order contracts (known to FHWA as IDIQ contracts), and for project specific maximum limiting amount contracts, and was granted approval.

Thanks,

Carla M. Perry, P.E.
Procurement Manager
Florida Department of Transportation
605 Suwannee Street, MS 20
Tallahassee, FL 32399
850-414-4484
carla.perry@dot.state.fl.us

From: Blair, Brian

Sent: Wednesday, April 5, 2017 4:49 PM

To: Perry, Carla M. <Carla.Perry@dot.state.fl.us>

Cc: Leopold, Elizabeth <Elizabeth.Leopold@dot.state.fl.us>; Reyes, Jamie

<Jamie.Reyes@dot.state.fl.us>; Sands, Jon <Jon.Sands@dot.state.fl.us>; Penny, Brian
<Brian.Penny@dot.state.fl.us>

Subject: FW: CEI Method of Compensation

Importance: High

Carla –

Some consultants have questioned whether the inclusion of the lump sum operating margin into the loaded billing rate (maximum limiting amount) for CEI contracts meets the following requirement in 23 CFR 172.9(b)(5):

“The specific rates of compensation payment method provides for reimbursement on the basis of direct labor hours at specified fixed hourly rates, including direct labor costs, indirect costs and fee or profit, plus any other direct expenses or costs, subject to an agreement maximum amount. This payment method shall **only** be used when it is **not possible**, at the time of procurement, to estimate the extent or duration of the work or to estimate costs with any reasonable degree of accuracy.” Their argument is that the CEI contract duration is known at the time of execution, and therefore, should exclude the operating margin from being included in the loading billing rate (maximum limiting amount).

However, the next sentence in 23 CFR seems to contradict the previous sentence and supports the Department’s position to include the operating margin in the loaded billing rate:

“This specific rates (sic) of compensation payment method should be limited to contracts or components of contracts for specialized or support type services where the consultant is not in direct control of the number of hours worked, **such as construction engineering and inspection.**”

Can you please review and advise as to how we should respond to the consultants’ inquiries?
Thanks.

Brian Blair, P.E.
Assistant District Construction Engineer
Florida Department of Transportation – District One
801 N. Broadway Ave., MS 1-6
Bartow, FL 33830
(863) 519-2676

From: Thompson, Jan J

Sent: Monday, March 13, 2017 9:13 AM

To: Blair, Brian; Sands, Jon; Penny, Brian
Subject: FW: CEI Method of Compensation
Importance: High

FYI

Let me know if you need additional information or if I can be of further assistance.

Thanks & Have a Great Day!

Evelyn Jan Thompson
District CEI Manager
District One Construction
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From: Reyes, Jamie
Sent: Friday, March 10, 2017 8:10 AM
To: D1-Professional Services
Cc: Thompson, Jan J; Michael, Anita
Subject: CEI Method of Compensation
Importance: High

Team:

FHWA has approved the use of (and Central Office has implemented) fully loaded billing rates on CEI contracts. We will no longer be placing the operating margin into a separate lump sum compensation element to be paid monthly. Any CEI contracts that already routed for signature need not be rewritten. However, for all others, please implement immediately.

If you have any questions, please let me know.

Thank you,



Professional Services Contract Supervisor
Procurement Services Unit

❖ (863)519-2301 ❖

❖ [D1 PSU Intranet Sharepoint](#) ❖ [DOT Professional Services FTP Sites](#)

Did my services meet your expectations? Please contact my supervisor, Elizabeth Leopold, at Elizabeth.Leopold@dot.state.fl.us with any feedback.