This presentation will cover some basics of:

- WisDOT’s Consultant Process
- Obtaining Consultant Services
- Contract Development
- Work Orders
- Amendments
- Contract Issues
- Invoices
- CARS
- Miscellaneous

Key consultant program service areas within WisDOT:

DTSD/Bureau of Project Development – Consultant Services Section (CSS)
- Responsibilities: budget development and monitoring; solicitations; selections; DBE participation; etc.

DTIM/Contract Administration Unit (CAU)
- Responsibilities: review and process all contracts and amendments; manages audits.

DTSD/Regional Consultant Services Section (RCSS)
- Responsibilities: work with CSS on budget development and monitoring; DBE participation; etc.

WisDOT/DTSD – Consultant Services Staff (CSS)

- Nate Czech – Chief Statewide Consultant Engineer
- Sharon Bremser – State Consultant Services Supervisor
  - Carrie Murphy - Contract Specialist
  - JJ Wagoner - Contract Specialist
  - Carol Buckmaster - Contract Specialist
  - Nina Berkani - Program & Policy Analyst
  - Mitch Patoka - Consultant Services Engineer
  - Biren Patel - Consultant Standards Engineer
  - Dan Meinen - CARS Administrator IS Business Automation
WisDOT/DTIM – Contracts & Audit Staff (CAU)

- Randy Knoche - Contract & Audit Manager
- Mary Braaksma - Audit Supervisor
  - Diane Phaneuf - Contract Specialist
  - Steve White - Contract Specialist
  - Michael J Fueger - Contract Specialist
  - Kelley J Benson - Auditor
  - Cassandra P Bragg - Auditor
  - Craig M Felder - Auditor
  - Justin B Kiekhaefer - Auditor
  - Kurtis L Linck - Auditor
  - Cassandra M Lynch - Auditor
  - Linda L Thompson - Auditor
  - Jared W Wiese - Auditor
  - Tenisha L Williams Jelks - Auditor

The FHWA

When a contract has federal funding, certain additional requirements apply, such as: DBE, QBS, buy American, nondiscrimination, EEO, EPA.

WisDOT Consultant Contracting Process

1. Scope
2. Estimate
3. Schedule

Scoping, Estimating, Scheduling

When WisDOT has services they would like performed by a consultant......

- WisDOT’s first steps are to determine the scope of work needed; estimate time and costs for the services; and, determine the schedule of when we need the services completed. Once this is known, we start planning what it will take to get an approved contract.
Our Budget Process

- State agencies request funding for their programs through the biennial budget process.
  - Biennial budget bill is approved by legislature & signed by governor.
  - Funding is broken down into appropriations.

- Budgets are approved on an annual basis, based on spending authority granted in biennial budget.

- State fiscal year – July 1 to June 30
  - It is possible to encumber funds prior to end of state fiscal year and carry-over spending authority into next fiscal year; however, if funds are not spent on that encumbrance, spending authority lapses and cannot be used for other purposes.

- First year of biennial budget
  - Timing of budget approval is unknown.
  - Funding is not guaranteed.

Contracting objectives:

- Responsible use of public dollars
- Comply with state and federal requirements
- Fair and open competition
- Negotiate fair and reasonable price
- Ensure contract compliance

Types of Procurement/Contracting

- Engineering related consultant contracts (regular - 2 and 3 party; sole source; small purchase; master/work order; RFP)
  Wisconsin Stats. Chapter 84.01(13): [http://docs.legis.wisconsin.gov/statutes/statutes/84/](http://docs.legis.wisconsin.gov/statutes/statutes/84/)

- All non-consultant contracts and highway construction contracts.
  Wisconsin Stats. Chapter 16: [http://docs.legis.wisconsin.gov/statutes/statutes/16/](http://docs.legis.wisconsin.gov/statutes/statutes/16/)

- Interagency Agreements: other agencies
**Obtaining Consultant Services**

Methods and requirements for obtaining contracts through Qualification-Based Selection (QBS)

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**Qualification Based Selection**

- The Brooks Act requires the selection of engineering and design related services on the basis of demonstrated competence and qualifications for the type of professional services required and negotiation of a fair and reasonable compensation.
- Upon completion of the qualifications based evaluation and ranking of proposals, the contracting agency initiates negotiations with the most highly qualified firm to arrive at a fair and reasonable compensation for the solicited services which considers the scope, complexity, professional nature, and estimated value of the services to be rendered.

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**Requirements—All Contracts**

- Scope of Services
- Cost estimate
- Cost/Benefit Analysis (CBA) for contracts >$300,000
- Staffing justification if consultants will be located in WisDOT buildings
- Determine qualified consultants

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**Scope of Services:**

- Project description
  - Provides a clear description of project
  - Presents challenges that need to be addressed
- Deliverables and schedule
  - Establishes project timeline
  - Forms the basis of contract negotiations
- Consultant requirements
  - Lays out necessary consultant capabilities
  - Forms the basis of selection criteria
WisDOT’s Cost Estimate Process

- An accurate estimate aids negotiations
- Broken down by work task and classification
- Indirect expenses
- Direct expenses

Cost Estimate Benefit Analysis (CBA)

- Wisconsin Act 89 requires WisDOT to conduct a cost benefit analyses before entering into contracts greater than $300,000 (contracts, & work orders)
- Complete prior to solicitation
- Must be completed prior to submittal if estimate was less than $300,000 and actual contract is greater than $300,000

Staffing Justification for WisDOT

- WisDOT is required to perform a staffing justification if consultant staff will be located in WisDOT facilities
- Field overhead rate required (all criteria met)
  - Located in WisDOT facilities
  - Working full time (40 hrs/week) on WisDOT projects
  - Contract duration of at least one year

Fixed Fee:

- Fixed fees are established by WisDOT/CSS
  - Ensures consistency across state
  - Based on predetermined criteria (FDM 8-10-10)
- Set prior to solicitation for solicited contracts
- Set prior to approval for other contracts
Length of Contracts

- **Project Contracts**
  - Run length of a project

- **Period Contracts**
  - Often used for staffing
  - Maximum of one year
  - May be “renewed” twice (three year total)

- **Stage / Phase**

Eligible Consultants

- **Roster vs. open solicitations:**
  - Rostered solicitations may be used for design and construction
  - Specialty services generally have open solicitations

Consultants are notified by WisDOT/CSS for bimonthly and construction solicitations.

WisDOT project managers may seek consultant interest for other contracts.

Disadvantaged Business Enterprise (DBE) Program

- Overall goal set by Office of Business Opportunity & Equity Compliance (OBOEC)

- Implemented by WisDOT/CSS
  - Applies only to federally funded projects/contracts
  - Project goals are set by CSS prior to solicitation

- Project/contract goals may be waived by OBOEC/DBE office
  - Consultants must submit a good faith waiver
  - Rare, usually associated with scope reductions

- Goals may be placed on staged contracts as they are executed

Contracting Methods

- Bimonthly solicitations (FDM 8-5-15)
- Annual construction solicitation & addenda (FDM 8-5-25)
- Sole Source (FDM 8-5-5)
- Small Purchase (FDM 8-5-10)
- RFP (FDM 8-5-40)
Bimonthly Consultant Solicitation

- Solicitation schedule
  - Solicitations occur every eight weeks
  - Shows key dates
  - January includes Full Service Design
- 12 month rolling solicitation
  - Aids WisDOT planning and budgeting
  - Aids consultant planning

Scope of Services are posted on internet:
- [http://wisconsindot.gov/Pages/doing-bus/eng-consultants/solicitations/default.aspx](http://wisconsindot.gov/Pages/doing-bus/eng-consultants/solicitations/default.aspx)

Q&A is coordinated by WisDOT/CSS contract specialist
- Ensures consistency and fairness
- Project managers will not answer questions directly from consultants
- WisDOT/CSS contract specialist sends questions to WisDOT project manager
- Completed Q&A's are published each Thursday after solicitation opens

Interviews

- Required for projects with estimates >$1,000,000
- Suggested for projects with estimates >$850,000
- WisDOT/CSS contract specialist will notify consultants of interview times

NOI Review Process

- Notice of Interest’s (NOI’s) must be submitted electronically by consultant firms
- WisDOT/CSS contract specialist provides WisDOT project manager with NOI’s when they are available
- WisDOT project manager
  - Conducts initial review all NOI’s submitted for their project
  - Completes selection summary and submittals spreadsheets; then, sends back to WisDOT/CSS contract specialist
Recommendation Meeting

- One to two weeks after NOI submittals, WisDOT team will hold a recommendation meeting; team develops a ranked shortlist
  - Five (5) firms will typically be on all short lists, unless there were not five qualified firms.

Note: Recommendation information is confidential until approved by WisDOT/CSS and published on internet.

Selection and Publication

- Selections are approved by WisDOT/AO
- Once published to web, a notification is sent out to consultants and to WisDOT region & bureau contacts

Small Purchase Contracts

- $120,000 maximum original contract amount
  - $150,000 maximum including all amendments
- Special requirements
  - Standard questions & criteria are developed to rank firms
  - WisDOT identifies a minimum of three qualified firms
  - Evaluates proposals
- Upon selection approval, negotiations may begin
- Cannot be used to complete a project in chunks

Sole Source Awards

- Used when competition is limited due to
  - Uniqueness
  - Emergencies
  - Inadequate response
- WisDOT must obtain approval prior to negotiations
Request for Proposal

- Used when additional information is required
  - Ensure that information cannot be obtained in regular NOI
- If using QBS, cost cannot be a factor
- If QBS does not apply, firms may be scored on cost

Contract Development

- Contract types and specific requirements; calculating contract costs $$$

Types of Contracts (the Boilerplates)

- Two-Party Design
- Three-Party Design (includes municipality)
- Construction Engineering
- Specialty (non-design construction)
- Master Contract

See: [http://wisconsindot.gov/Pages/doing-bus/eng-consultants/cnslt-rsrcs/contracts/cons-tms.aspx](http://wisconsindot.gov/Pages/doing-bus/eng-consultants/cnslt-rsrcs/contracts/cons-tms.aspx)

Negotiation

- If this is regular contract, WisDOT project manager will typically contact firm awarded the work and begin negotiation process after selection is made and published.
- If this is a master contract, WisDOT/CSS contract specialist will typically contact WisDOT project manager who will begin negotiation process.
Contract Documents

All documents can be found on the WisDOT web at: [http://wisconsindot.gov/Pages/doing-business/eng-consultants/cnslt-rsrcs/contracts/default.aspx](http://wisconsindot.gov/Pages/doing-business/eng-consultants/cnslt-rsrcs/contracts/default.aspx)

(if log on required)

### “if authorized” contract items

- Unless specifically stated, all contract items are authorized when initial authorization letter is sent.
- If authorized by written notice to proceed, items can be included in contract, if necessary.
  - These will be used sparingly and only when exact scope of project is unclear when contract is negotiated.
  - Maximum of five “if authorized” amounts per contract.
  - May not be added or reallocated by amendment.

Subconsultants Requirements

- Subconsultants cannot be listed as a direct expense if they provide labor to the contract.
- All subconsultants must be added through the original contract or amendment.

Subconsultant Costs

- Subcontracts all actual cost and others greater than or equal to $75,000
  - Must have an approved overhead rate on file.
  - Must provide fee comp. sheets which shows a breakdown of labor and direct expenses.
- Subcontracts less than $75,000 (except actual cost)
  - Do not need an approved overhead rate on file
  - Do not need fee comp. sheets.
  - Must provide a cost estimate on firm’s letterhead detailing costs.
- WisDOT project manager should review and will approve reasonable costs.
- Consultant may be asked to get more than one estimate.
Basis of Payment

- **Lump Sum** – A specific total dollar amount for all services is paid, regardless of the actual costs incurred.

- **Actual cost plus fixed fee** – Reimbursement of allowable costs incurred up to a set maximum amount, plus a set fixed fee; consultant must have a current CFR in order to use this method of payment.

- **Cost per unit of work** – A specific dollar amount is paid per completed unit of work.

- **Specific rate of compensation** – A specific hourly/daily rate is paid for each class of employee or type of equipment; rate includes employee pay, overhead, and profit.

Master Contracts

- Master contracts are agreements between WisDOT and a firm to provide specified services during a given time period.

- The dollars are encumbered (spent) under specific work orders not upon signature of the master contract.

- Sets a maximum spending authority of allowable work, but provides no guarantee of work.

Master Contract Maximums

- Should not exceed two years or $2 million each.

- Master contract groups follow the 60% rule (FDM 8-5-30.9).

  - Reason for 60% rule.

  - Work order maximum usage may not exceed 60% of master contract group value.

Master Contract Budget – 60% Example

<table>
<thead>
<tr>
<th>Department’s Master Contracts</th>
<th>Master Contract Maximum</th>
<th>Maximum Work Order Usage per Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master Contract with Firm A</td>
<td>$1,000,000</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>Master Contract with Firm B</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Master Contract with Firm C</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Group Total</td>
<td>$3,000,000</td>
<td>$18,000,000</td>
</tr>
</tbody>
</table>

Master Contract Group

<table>
<thead>
<tr>
<th>Total Expenditure Authority</th>
<th>$18,000,000</th>
</tr>
</thead>
</table>

(60% of $3M Group Total)
**Errors and Omissions**

- All contract boilerplates include language regarding errors and omissions.
  - The Consultant shall be responsible for the accuracy of the services performed by the Consultant under the contract, and shall promptly make necessary revisions or corrections to its service resulting from its negligent acts, its errors or its omissions without additional compensation.
  - The Consultant shall give immediate attention to these revisions or corrections to prevent or minimize delay to the project.
  - The Consultant shall be responsible to the Department for any losses to or costs to repair or remedy as a result of the Consultant's negligent acts, errors or omissions.

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**Final Cost Audit**

Following final payment and closing of the contract, the WisDOT Audit Unit performs a final cost audit to determine that all costs for which payment has been made are allowable according to federal regulations, WisDOT policy, and terms of the contract.

For actual cost contracts, overhead adjustments are made to adjust to the actual rate for the time period the work was completed. This occurs because the overhead rate used to negotiate the contract was based on historical data. NOTE: This may result in the consultant owing money or receiving payment (up to contract/subcontract maximum).

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**WisDOT FOS Object Codes**

The WisDOT Financial Operating System (FOS) Object Code should be included on all consultant contracts. The following is a summary of the most frequently used codes:

- 5500 - Management Consultant Payment (local program)
- 5501 - Engineering Contractual Fees
- 5503 - Other Improvement Contractual Fees
- 5504 - Archaeological/Investigation Costs
- 5506 - Real Estate Contractual Fees
- 5580 - Hazardous Materials Remediation
- 5586 - Hazardous Materials Investigation Phase 1-3
- 2500 - Professional Services - General
- 2564 - Professional & Technical Contractual Fees
Work Orders

Key points in work order development process:

- In general, individual work orders should not exceed $150,000.
- Individual work orders cannot exceed $400,000 w/amendments (FDM 8-5-30.7).
- Work orders are negotiated and reviewed same as a regular contract.
- WisDOT’s project manager develops scope of services/special provisions.
- Either WisDOT project manager or consultant can prepare first draft of the work order consisting:
  - Work order cover signature page
  - Scope of services/special provisions
  - Fee comp sheets
  - Work order submittal checklist (DT1520)
  - Basis of payment, consultant, project manager, and completion date all get entered on signature page
- All found at http://wisconsindot.gov/Pages/doing-business/eng-consultants/cnslt-rsrcs/contracts/con-docs.aspx

Work Order Request

- Key points
  - A WisDOT project ID must be authorized for funding prior to a request.
  - Only include one project ID per work order request.
  - Work order request must be approved internally prior to entering into negotiations with a consultant.

- WisDOT’s project manager
  - Defines scope of work and develops an internal cost estimate.
  - Verifies consultant(s) have sufficient dollars remaining on their contract to complete work.
  - Initiates internal work order request and completes all required information; then, forwards through proper internal channels for review and approval.
  - Once approved internally, WisDOT project manager is authorized to start negotiations with consultant(s).

Work Order Finalization

- Once WisDOT’s project manager and consultant agree work order is complete and accurate, a draft work order must be sent to WisDOT’s CSS contract specialist for review prior to starting any work on project.
- CSS contract specialist will review the draft work order and will communicate any changes necessary.
- CSS contract specialist will request the work order be finalized and request five (5) original signed consultant work orders.
- Work Orders < $50,000 need to be processed and approved by WisDOT’s CSS Supervisor
- Work Orders > $50,000 are processed by CSS and approved by WisDOT’s CAU contract manager.
- Regional CSS contract specialist routes work orders to CAU.
Amendments

- Reasons and approvals of amendments

**Amendments**

- Required for any modification to terms of original contract.
- Amendments may not be used for additional work on projects not included in original contract.
- Amendments on work orders should be limited.
- Justification & approval is needed when costs exceed 50% of the original contract and each subsequent amendment; approval justifications are sent to Consultant Services approval mailbox.
- Justification & approval is needed when additional work on projects cost exceed 100% of the original contract cost; a new DT25 is required for governor’s signature.
- Statewide Consultant Engineer, Nate Czech, must be involved in negotiations of amendments over $1,000,000 (FDM 8-25-15).
- Amendments are negotiated and processed in the same manner as a regular contract regardless of their value.

**Contract Issues**

- Do not use old contracts as base template for new contract.
- DBE (DT1029), if needed, is signed and dated by prime consultant.
- Use complete and accurate project descriptions on all fee comp sheets.
- Proposal letters must be signed and on company letterhead.
- Direct expense items and overhead rate types need to match current consultant financial report (CFR) descriptions.
- Contracts need to include end dates.
- Check all special provisions to make sure they are up-to-date.
- Required journal voucher (JV) language should be included in all JV contracts and work orders.
Contract Issues (cont.)

- Fee comp sheets should depict ‘fixed fee’ instead of ‘profit’ (use correct formula)...
  - Direct labor X % fixed fee X 2.5 = fixed fee/profit (as of 1/1/2013).
- Fixed fee amount and completion dates must be consistent throughout.
- Activity codes and tasks must match consultant activity task list.
- When using multiple tasks under one activity code, show summary of hours for that code.
- Primes are responsible for quality control pertaining to sub-consultant documents.
- Stay up-to-date on current allowable costs (federal mileage rates, wage escalation, etc.).
- Contract dollar amounts on cover pages not matching what is depicted on fee comp sheets.

Invoice Review & Approval

- Consultant will submit invoice to WisDOT’s project manager via CARS at: http://wisconsindot.gov/Pages/doing-bus/eng-consultants/cnslt-rsrcs/contracts/cars.aspx
- Project manager is responsible to review and approve consultant invoices to include:
  - Reasonableness of hours, expenses, etc. (FDM 8-25-10).
  - Verify that a progress schedule/report is included for all design and design related contracts (regardless of type) and all lump sum contracts.
- Invoices must be timely w/payment required within 30 days after submittal date; if invoice is not paid within 30 days of receipt, interest will be paid to the firm.
- Disputes or errors
  - Notice required within 30 days.
  - Additional information can be found in the FDM 8-25-10.
WisDOT will be implementing mandatory use of CARS for invoicing cost incurred after June 30, 2015. All evaluations will also be developed and submitted to consultants through CARS, effective July 1st. Starting in August, all invoices requesting payment for costs incurred in July 2015 must be submitted through CARS. CARS does allow a firm to complete an August invoice for costs incurred prior to July 1, 2015 on the same invoice. Contracts completed by September 30, 2015 will be exempt from mandatory use. Master contracts with all work orders completed by September 30, 2015 will be exempt from mandatory use. Final invoices for all contracts/work orders must be received by December 1, 2015. CARS allows firms to convert all contracts with previous payments made through paper invoicing to complete next invoice in CARS. Example: Current contract start date: 03/13/13. Current Invoice Status: Invoices 1–14 done on paper total a previously paid amount of $100,000 to prime and $10,000 to subconsultant. Invoice 15: Prime consultant would enter $100,000 previously paid in CARS and subconsultant enters $10,000 previously paid in CARS. This is a one-time entry field to begin CARS invoicing with up-to-date paid amounts. Contracts invoiced after July 1, 2015 or those that do not have any previously paid amount will answer “NO” when prompted for previously paid amount. Information on signing up an administrator for your firm and getting training materials can be found at: http://wisconsindot.gov/Pages/doing-bus/eng-consultants/cnslt-rsrces/contracts/cars.aspx.

Dan Meinen, WisDOT CARS Administrator; contact: WisDOTCARS@dot.wi.gov with questions.

Key WisDOT resources for more information specific to consultant contract management and general contracting services information:

- Facilities Development Manual – Chapter 8
- Consultant Services Staff

Remember to look for current solicitation information posted at: http://wisconsindot.gov/Pages/doing-bus/eng-consultants/solicitations/default.aspx