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# Arizona Department of Transportation

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## Consultant Online Cost Proposal Preparation Guidelines

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Engineering Consultants Section

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## INTRODUCTION

Please read the following information to ensure proper completion and submission of the Cost Proposal for this contract. This document contains instructions and parameters for developing the Cost Proposal to be incorporated into the Online Cost Proposal Module of the electronic Contract Management System (**eCMS**). For screen shot by screen shot instructions, please refer to Cost Proposal User Manual. The current updated forms are available online in the COST PROPOSAL Module of **eCMS**.

Use the Cost Proposal Checklist, provided as a form in **eCMS**, to ensure that all of the required documents are uploaded and submitted with your Cost Proposal or your Cost Proposal will be disapproved / returned and final contract execution will be delayed.

Once the Cost Proposal is submitted to ADOT, your firm will have read-only access and will no longer be able to make any changes to it. After ADOT has completed its review, a report in **eCMS** will indicate any changes that need to be addressed. This report also referred to as the *Change Request Form* will include a list of items requiring revision, further information, back-up documentation, etc. At this point, **eCMS** will be open for the firm to make all required changes in **eCMS** and upload all required back-up documentation, where applicable. When all changes have been made, resubmit the Cost Proposal to ADOT. ADOT will review the resubmitted Cost Proposal and the review cycle will continue until agreement is reached between ADOT and the Consultant at which time, ECS will approve the Cost Proposal and the contract will be executed.

## PARAMETERS FOR COST PROPOSAL DEVELOPMENT

### Cost Proposal Meeting

In preparation for cost negotiation, the selected Consultant may be required to complete and submit information specified in the SOQ, to ADOT Office of Audit & Analysis within the timeframe specified in the award letter or as outlined in the SOQ Package. Failure to submit this information within the given timeframe may result in ADOT declaring a failed cost negotiation and may proceed to negotiate with the next highest ranked firm.

After award notification, the selected Consultant shall attend a Pre-Negotiation meeting with the ECS Specialist and ADOT Project Manager. The objectives of the Pre-Negotiation meeting may include, but are not limited to the following:

- (1) Achieve a clear and mutual understanding of all contract requirements, terms and conditions
- (2) Identify and resolve any potential problems
- (3) Define the negotiation parameters

Items for Discussion include, but are not limited to: cost proposal format, justification of costs, scope of work, missing or incomplete price sheets, change of key personnel etc.

The objectives discussed at a Pre-Negotiations meeting may also be communicated to the Consultant by the ECS Specialist and ADOT Project Manager by telephone or email.

### Scope of Work Basis for Cost Proposal

Some ADOT Sections require additional information related to the Consultant's proposed implementation of the Scope of Work as detailed in the Cost Proposal (Pre-Design and Design contracts only). Please contact designated ADOT Project Manager to determine if additional information is required.

### Cost Proposal Deadline

Following agreement on the level of work effort, the Consultant shall submit a detailed Cost Proposal in **eCMS** for the work to be performed, including the Cost Proposal for each proposed Subconsultant, within 21 calendar days from the date of the Pre-Negotiation meeting or other timeframes designated by ECS Specialist. Failure to submit the Cost Proposal within the specified timeframe may result in ADOT declaring a failed negotiations and ADOT may proceed to negotiate with the next highest ranked firm. In addition, the Consultant will be locked out of **eCMS** and the Cost Proposal cannot be submitted. The Consultant shall contact the ECS Contract Specialist as soon as possible, if extenuating circumstances prevent the Consultant from submitting the Cost Proposal in accordance with the established timeframe.

### Fixed Fee

The fixed fee dollar value of the Consultant's compensation for rendering professional engineering services is a percentage of Direct Labor and Overhead only, and is based on the contract schedule, size, duration and complexity of the project. The overall final cost of a project reflects the complexity of the work, the degree of risk involved, and fixed fee (profit). The contract's fixed fee determined by ADOT is automatically calculated in **eCMS** online Cost Proposal phase and is non-negotiable.

### Allowability of Contract Costs

The criteria used to determine allowability of contract costs are governed by 48 CFR Part 31. Please see the ECS Manual and the ADOT Consultant Audit Guidelines for further information. In seeking to interpret the FAR, ADOT utilizes 23 USC 112(b) (2) (B-C), 23 CFR 172.7, 49 CFR 18.22(b), and

AASHTO Uniform Audit and Accounting Guide and the ADOT Consultant Audit Guidelines (see ECS website for most current version of these guidelines) for Federal-aid contracts.

## GENERAL COST PROPOSAL COMPLETION GUIDELINES

Follow the guidelines below to complete and submit the Cost Proposal:

- a)* The Cost Proposal for the Consultant and all Subconsultants shall be entered by the Consultant into the **eCMS** Cost Proposal module.
- b)* Back-up documents, which are not listed in the drop down menu, shall be uploaded in the corresponding areas of **eCMS** to justify requested Labor Classifications, labor activities, work hours, costs, etc.
- c)* If utilizing Subconsultants in the contract, details of the Subconsultants' proposals shall be entered by the Consultant in the same manner as the Consultant. A pdf copy of the signed and dated Subconsultant Cost Proposal shall be uploaded in the corresponding Subconsultant tab.
- d)* The method of compensation for the Subconsultant is generally the same as the Consultant unless otherwise determined by ADOT Office of Audit & Analysis or in the contract. The Subconsultants shall follow the same guidelines as the Consultant regarding Direct Labor, Overhead, Direct Expenses and Fixed Fee.
- e)* The Project Principal Labor Classification is not permitted on any Subconsultants' Cost Proposal breakdown
- f)* The combined total dollar value of all Subconsultant contracts shall not exceed 49% of the total dollar value of the contract. **eCMS** will not allow Consultants to submit Cost Proposals that do not conform to this requirement.
- g)* Provide current Insurance Certificate with all required insurance coverage. Consultant shall certify in the Transmittal Letter that all Subconsultants have all of the same required insurance coverage as the Consultant.
- h)* Complete and upload the Consultant's W-9 Vendor Registration if this is the Consultant's first contract with ADOT.
- i)* Attach supporting documentation for the proposed Overhead, Cost per Unit of Work, Specific Rate or Commercial Item Pricing Rate, unless previously provided to ADOT Office of Audit & Analysis.
- j)* Identify the anticipated direct expense categories for all project-related charges.

Provide justification for all Direct Expenses, such as:

- External Reproduction – need cost sheet from external vendor
- Mileage – specify personal or company vehicle miles
- External Fees / Licenses – need cost sheet from external vendor
- Meals / Lodging / Travel – Per ADOT Travel Policy
- Delivery / Overnight / Courier – need cost sheet from external vendor

**Note: Travel time and mileage to and from project sites is billable to the project; daily commuting time is not billable.**

**k)** Provide supporting documentation for proposed overhead rate (unless previously provided).

Generally, the following costs are included in Overhead:

- Audio/Video equipment & supplies, including VCRs & video cameras
- Cell phones
- Copy machines
- Densometer
- FAX
- Mileage for company vehicles
- Office space considered to be “extra” (except for Construction Administration field office)
- Postage, Delivery, and/or Courier
- Survey supplies (including expendable field supplies)
- Phone charges, both local & long distance

Fringe benefits are to be included in the overhead rate and shall not be allowed as part of the direct labor cost

The above list is not “all-inclusive,” but is included to give Consultants and Subconsultants an idea as to what to include in the Overhead cost pools.

“Other Direct Expenses” (ODCs) should include costs which are incurred specifically for a particular task and would not have been included in the standard Overhead cost pool.

ODCs may include, but are not limited to, the following:

- Lease/rental of vehicles or other specialty equipment
- Mobilization of equipment
- Travel, including meals, following ADOT Travel Authorization Policy
- *Public meeting costs*

- l)** The Consultant shall provide a list all Key Personnel listed in the SOQ who will work on the project listed in the contract. Key Personnel are those individuals whose qualifications were highly significant in evaluating the overall qualifications of the project team.

Key Personnel includes, at a minimum:

- i. The Consultant's registered Project Principal/Owner responsible for the overall technical and administration aspects of the contract;
- ii. The person in direct charge of the overall project work (Project Manager);
- iii. The person in charge of each major engineering discipline/component of the work (for example, bridge, pavement design, environmental);
- iv. Where applicable, the person in charge of overall scheduling of the project work. Key Personnel may also include, but are not limited to, Project Engineer, Subconsultants' Team members and any other Key Personnel deemed vital to the completion of the project, and whose qualifications were evaluated by the Selection Panel.

ADOT shall consider the consultant's list of key personnel, and shall approve a list of key personnel during the negotiations, whereupon negotiations are held, prior to execution of the contract. The Department's decision as to key personnel shall be final.

The Consultant may not change any of the key personnel until it has obtained written approval from ADOT Project Manager and ECS through an Administration Determination Letter or Contract Modification. The Consultant shall notify the Department of an anticipated change in the key personnel no later than ten (10) calendar days prior to the change, and shall inform the Department of the reasons the change must be made and shall certify that the overall intent of the contract shall not be impaired by the change.

The Department shall consider any change in key personnel, and at its discretion may decide to terminate the contract for convenience if, in the Department's sole discretion, the Department believes that the project team is materially different due to the proposed key personnel change. The Department shall make its decision within 30 days of the Consultant's request for change of key personnel.

- m)** Multiple Cost Proposals may be required for Lump Sum and Cost Plus Fixed Fee Multi-Phase contracts. Two different TRACS numbers shall be provided for that purpose. Consultant shall contact the ECS Contract Specialist for assistance on how to enter multiple Cost Proposals for these types of contracts.

## COST PROPOSAL REQUIREMENTS FOR SPECIFIC CONTRACT TYPES

The following documents shall be uploaded in **eCMS** with the Cost Proposal for each of the contract types listed below. The current and most updated forms are available online in the Cost Proposal Module of **eCMS**.

### **Specific Rate** (Supplemental Services and Temp Tech Contracts)

1. Transmittal Letter signed by the Consultant's Project Principal / Officer of the Firm and Project Manager (use format provided).
2. Key Personnel List (use format provided).
3. Prime Consultant and Subconsultants proposing Specific Rates of Compensation shall include details of the rates calculation including salary, overhead and fixed fee dollar value. Fixed fee must be a dollar value only and not a percentage of costs (Temp Tech only).
4. Propose hourly rate for regular time and overtime. Provide justification for requested hourly rate (Supplemental Services only).
5. Provide and attach supporting justification for Direct Expenses.

### **Cost Plus Fixed Fee and Lump Sum** (Pre-Design and Design Contracts)

- 1) Transmittal letter signed by the Prime Consultant's Project Principal / Officer of the Firm and Project Manager (use format provided).
- 2) Key Personnel List (use format provided).
- 3) Summary of Basis for Cost Proposal (use format provided).
- 4) Work-hours estimate by phase/task for each labor activity/category. Provide supporting justification if proposing Labor Classes and Labor Activities not listed in **eCMS**.
- 5) Provide and attach supporting justification for all Direct Expenses.
- 6) Attach a Certified Payroll, detailing all employees proposed for this contract with their current payroll rates (use average or weighted format provided). The hourly rates shown must be estimated averages anticipated during the life of the contract and will develop the average rate proposed for each labor classification. The rates should be certified as accurate by either the Project Principal or Project Manager.
- 7) Enter estimate of Work-Hours for each Labor Class.
- 8) DBE Prime and Subconsultant Affidavits and/or Good Faith Effort Certificates.
- 9) Certification of Final Indirect Expenses for Consultants and all Subconsultants (Overhead-based firms only).

### **Lump Sum By Task Order** (On-Call Contracts)

- 1) Transmittal letter signed by the Consultant's Project Principal / Officer of the Firm and Project Manager (use format provided).
- 2) Key Personnel List (use format provided).
- 3) Attach the certified payroll, detailing all employees proposed for this contract with their



current payroll rate (use average or weighted format provided). The hourly rates shown must be estimated averages anticipated during the life of the contract and will develop the average rate proposed for each labor classification. The rates should be certified as accurate by either the Project Principal or Project Manager. Fringe benefits shall be included in the overhead rate calculation and shall not be allowed as part of the labor cost.

- 4) On-Call DBE Goal Commitment Form.
- 5) DBE Prime and Subconsultant Affidavits and/or Good Faith Effort Certificates (to be submitted with each Task Order Cost Proposal but not with Initial Cost Proposal).
- 6) Certification of Final Indirect Expenses for Prime Consultant and all Subconsultants (Overhead-based firms only).

#### **Cost Per Unit of Work** (Geotechnical and Materials Testing Contracts)

- 1) Transmittal letter signed by the Consultant's Project Principal / Officer of the Firm and Project Manager (use format provided).
- 2) Key Personnel List (use format provided).
- 3) Provide and attach supporting justification if proposing Labor Classes not listed in **eCMS**.
- 4) Justification and back-up documentation for all Direct Expenses.

#### **Cost Plus Fixed Fee by Task Order** (Construction Administration Contracts)

- 1) Transmittal letter signed by the Consultant's Project Principal / Officer of the Firm and Project Manager (use format provided).
- 2) Key Personnel List (use format provided).
- 3) Attach the certified payroll, detailing all employees proposed for this contract with their current payroll rate (use average or weighted format provided). The hourly rates shown shall be estimated averages anticipated during the life of the contract and shall develop the average rate proposed for each labor classification. The rates shall be certified as accurate by either the Consultant's Project Principal or Consultant's Project Manager. Fringe benefits shall be included in the overhead rate calculation and shall not be allowed as part of the labor cost.
- 4) Provide and attach supporting justification if proposing Labor Classes not listed in **eCMS**.
- 5) Justification and back-up documentation for all Direct Expenses.
- 6) On-Call DBE Goal Commitment Form.
- 7) Certification of Final Indirect Expenses for the Consultant and all Subconsultants
- 8) (Overhead-based firms only). A *Cost Proposal Submittal Checklist*, which includes all required documents that must be uploaded in **eCMS** with the Cost Proposal for each of the contract types, is available in **eCMS** and is located, in this document, in APPENDIX A.

### **SUBCONSULTANTS COST PROPOSALS AND AGREEMENTS**

Subconsultants identified and uploaded during the Online SOQ submittal process for winning firms shall automatically be carried over from into the Online Cost Proposal Module. Firms can not add new Subconsultants to the Online Cost Proposal, if those Subconsultants were not proposed in the

SOQ or uploaded in the SOQ proposal process during contract negotiations.

The Department shall conduct a pre-award review on Subconsultants per the Arizona Department of Transportation, Office of Audit & Analyst Consultant Audit Guidelines. (Appendix B)

The Consultant is responsible for securing the Subconsultants supporting documentation and uploading it into **eCMS**.

Consultants are required to have written and signed subcontracts with all Subconsultants involved on ADOT contracts. ADOT may request, at any time, a copy of Consultant contracts with Subconsultant related to a contract. Furthermore, all contracts between Prime Consultants and Subconsultants shall include **ALL of the Contract provisions contained in Section 4 of the contract**, which include, but are not limited to: "Contract Modifications," "Insurance," "Indemnification," "Consultant Payments," "Late Submittal of Invoice," "Nonprocurement Debarment and Suspension," "Nondiscrimination," "Affirmative Action," "Participation by Disadvantaged Business Enterprises," "Counting DBE Participation," "Ownership of Data," "Key Personnel," "Retention of Records," "Patents and Copyrights," "Anti-Lobbying," and "Federal Immigration and Nationality Act."

## **COST PROPOSAL REVIEW**

ECS will review Cost Proposals submitted and provide feedback to Consultants about requested changes during the negotiation process. If changes are needed to the Cost Proposal, ADOT will return the Cost Proposal, after it's been reviewed, to the Consultant to make changes and provide additional documentation. When a message has been received that the Cost Proposal has been returned, click on the Review Change Requests button and review all changes requested by ADOT. Respond to the requested changes, using the Change Request form, and then make the requested changes in the appropriate areas of the Cost Proposal. Please be sure to respond to each item listed. If the firm changes any other items in the Cost Proposal that were not in the original submittal, be sure to list and justify those items in a separate document and upload it in the Cost Proposal re-submission to ADOT.

In determining fairness and reasonableness, ADOT shall consider the scope, complexity, professional nature and estimated value of the services to be rendered as specified in 40 USC 1104(a).

For Federal-aid funded contracts, ADOT shall use the indirect expense (overhead) rate, established in accordance with the FAR Cost Principles contained in 48 CFR 31 for contract negotiation, administration, and payment as specified in 23 USC 112(b)(2)(B-D) and 23 CFR 172.7. Indirect expense (overhead) rate shall not be negotiated. All required financial information shall be submitted in conformance with ADOT Consultant Audit Guidelines.

ADOT, at its discretion, may request additional financial information and may also require a pre-award review. Selected Consultant(s) shall have a FAR compliant accounting system and shall submit specified financial information to ADOT Office of Audit & Analysis for a pre-award review within the prescribed timeframe prior to submission of the Cost Proposal and execution of the contract, as outlined in the

SOQ Package. At the discretion of ADOT Office of Audit & Analysis, the pre-award review shall require an audit of the Consultant's records, in accordance with generally accepted government auditing standards. If Consultant fails to provide this information within the prescribed timeframe, ADOT may declare failed negotiations at which time ADOT reserves the right to reject the selected Consultant's Cost Proposal and ADOT may proceed to negotiate with the next highest ranked firm in accordance with 40 USC § 1104.

ECS shall adhere to procedures outlined in Information Bulletin 10-11 in determining the reasonableness of direct labor rates proposed by the Consultant and Subconsultants.

## UNSUCCESSFUL COST NEGOTIATIONS

Unsuccessful or failed cost negotiation may occur for a number of reasons including, but not limited to:

- a. Failure to submit the Cost Proposal in the required format.
- b. Failure to submit the Cost Proposal within the prescribed timeframe.
- c. If irreconcilable differences occur between ADOT and the Consultant in agreeing on a cost for the project over a protracted period of time (after the second revision or more than 90 calendar days after the initial submittal of the Cost Proposal), ADOT may declare that there is an impasse.
- d. Failure to come to an agreement on work hours for the tasks to be performed, the level/classification of the staff required to complete the tasks, other miscellaneous Direct Expenses, or the final cost of the project in accordance with 40 USC § 1104.
- e. Failure to submit or respond timely and appropriately to requests for information from any ADOT Office (ECS, Audit & Analysis, ADOT Project Manager).

If any of the above cases exist, ADOT reserves the right to reject the Cost Proposal of the selected Consultant and may proceed to negotiate with the next highest ranked firm in accordance with 40 USC § 1104.

If ADOT and the Consultant cannot negotiate a cost for the project that is fair and reasonable to both parties over a protracted period of time (after the second revision or 90 calendar days after the initial submittal of the Cost Proposal), ECS shall present the firm with the written "Best and Final" offer (BAFO). The firm shall have up to ten (10) business days to accept or reject the offer, as indicated in the letter. If the offer is accepted by the Consultant, ADOT shall move toward final execution of the contract. If the offer is rejected by the Consultant, ADOT reserves the right to terminated negotiations with the firm and enter in negotiations with the next highest ranked firm or re-advertise the contract. Consultant's non-response to the written BAFO, after the specified timeframe indicated in the letter, shall be regarded by ADOT as the rejection of the offer. In addition, the results of the negotiation and/or award of the contract shall be documented in the contract file.

ADOT also reserves the right to terminate the cost negotiations for administrative reasons such as lack of funding, termination or invalidation of an Intergovernmental Agreement (IGA) or other

extenuating circumstances.

## **FINAL COST PROPOSAL APPROVAL**

The contract compensation clause of the contract shall indicate the total dollar value agreed to in the final Cost Proposal and shall be used as a guide in the disbursement of funds. Each contract, modification or task order shall not exceed the budgeted amounts without prior written approval by the State.

## **ANTI-LOBBYING/DISCLOSURE**

Federal Acquisition Regulation (FAR) prohibits the disbursement of Federal-Aid Highway Program (FAHP) funds to pay any person for influencing or attempting to influence a federal agency or Congress in connection with the award of any FAHP funded contract, grant, loan or cooperative agreement. The consultant is required to sign a statement certifying that to the best of their knowledge and belief, no FAHP funds have been paid or will be paid, by or on behalf of the firm, for the purpose of lobbying.

If the Consultant should report lobbying activities, the Consultant is required to submit Anti-Lobbying/Disclosure Form available in the Forms section of the Cost Proposal Tab in **eCMS**. These forms can also be supplied to the Consultant by the ECS Specialist and shall be completed and received by ECS staff prior to execution of the contract. The above regulations also apply to Subconsultants and their subconsultants (lower-tier) whose contracts exceed \$100,000.

## **VENDOR REGISTRATION FORM**

Firms shall register as a vendor with ADOT in order to receive payment for work done under the contract. If this is the Consultant's first contract with ADOT they need to register themselves by accessing ProcureAZ. More information can be found at location <https://procure.az.gov/bsol/>

## **INSURANCE**

In order for ADOT to enter into a contract with the Consultant, the Consultant shall have the capability and experience to perform the work specified in the Contract. The Consultant is also responsible for any negligent acts which may occur in the course and scope of the Consultant's performance under the contract.

All contracts contain an insurance requirement and indemnification provision. The Consultant shall furnish ADOT with the required Certificate(s) of Insurance as outlined in the Insurance section of

the Standard Consultant Contract. The Consultant shall submit and upload signed Certificate of Insurance with the Cost Proposal. A copy of the required Insurance Acord form is available in the Forms section of the **eCMS** Cost Proposal tab.

The Certificates of Insurance are designed to certify that: (1) a person or company (Consultant) has the type of insurance needed to protect both itself and the State of Arizona against loss resulting from the particular work or service being performed; (2) the policy limits meet the limits of liability required in the contract; (3) the policy is currently in effect and has not expired; (4) the insurance company is a recognized and approved insurer; and (5) special conditions required by the contract are endorsed in the policy.

Contracts require that certificates of insurance name the State of Arizona and ADOT as additional insureds as outlined in the SOQ Package or contract in accordance with ADOT Insurance policy (see ECS website for most current version of this policy).

In Appendix A you can find complete information regarding all required insurance coverage Section 4.20 of the contract Uniform Terms and Conditions.

## **SAMPLE REQUIRED FORMS**

Attached are sample forms required for various contract types. Most current versions of these forms will be available on the [ECS Website](#).



## Cost Proposal Submittal Checklist

The following checklist is a tool to help you review your Cost Proposal for completeness prior to submittal. Checking boxes to indicate completion of requirements is intended to serve as a reminder for firms and DOES NOT serve as an actual eCMS system check of requirements. The Cost Proposal shall be rejected if any required information or back-up documents related to this contract are not submitted. When all applicable boxes have been checked, indicating completion of requirements, click the "SUBMIT COST PROPOSAL TO ADOT" button to submit your Cost Proposal.

REQUIREMENTS	
<b>GENERAL COST PROPOSAL REQUIREMENTS FOR ALL CONTRACT TYPES</b>	
<input type="checkbox"/>	Transmittal Letter signed by the Prime Consultant Project Principal/Officer of the Firm/Project Manager (ADOT format used).
<input type="checkbox"/>	Key Personnel List (ADOT format used).
<input type="checkbox"/>	Consultant and all Subconsultants Cost Proposal entered into the eCMS.
<input type="checkbox"/>	Back-up documents justifying requested wage classifications, labor activities, work hours, direct expenses, etc., not included in the corresponding areas of eCMS.
<input type="checkbox"/>	Pdf copy of signed and dated Subconsultant Cost Proposal uploaded in the corresponding Subconsultant tab.
<input type="checkbox"/>	The Project Principal Wage Classification not included in any Subconsultant Cost Proposal breakdown.
<input type="checkbox"/>	Total Subconsultant costs shall <b>not exceed 49%</b> of the total dollar value of the contract.
<input type="checkbox"/>	Current Insurance Certificate with all required insurance coverage.
<input type="checkbox"/>	If first contract with ADOT register with ProcureAZ.
<input type="checkbox"/>	Supporting documentation uploaded for proposed Overhead, Cost per Unit of Work, Specific Rate or Commercial Item Pricing Rates.
<b>COST PROPOSAL REQUIREMENTS FOR SPECIFIC CONTRACT TYPE</b>	
The following supporting documentation must be uploaded with the Cost Proposal for each of the following contract types.	
<input type="checkbox"/>	<b>1) Specific Rates</b> (Supplemental Services and Temp Tech Contracts)
<input type="checkbox"/>	a. Temp Tech Only - Prime Consultant and Subconsultants proposing Specific Rates of Compensation include details of the rates calculation including salary, overhead and fixed fee dollar value.
<b>2) Cost Plus Fixed Fee and Lump Sum</b> (Design Contracts)	
<input type="checkbox"/>	a. Summary of Basis for Cost Proposal (ADOT format used)
<input type="checkbox"/>	b. Supporting justification provided for additional Labor Classes, Labor Activities not included in the Labor Class and Labor Activity tabs
<input type="checkbox"/>	c. Supporting justification provided for additional Direct Expenses
<input type="checkbox"/>	d. Certified Payroll (ADOT format used)
<input type="checkbox"/>	e. DBE Prime and Subconsultant Affidavits and/or Good Faith Effort Certificate
<input type="checkbox"/>	f. Certification of Final Indirect Expenses for Consultants and all Subconsultants
<b>3) Lump Sum By Task Order</b> (On-Call Contracts)	
<input type="checkbox"/>	a. Supporting justification provided for additional Labor Classes, and Labor Activity not included in the Labor Class and Labor Activity tabs.
<input type="checkbox"/>	b. Supporting justification provided for additional Direct Expenses
<input type="checkbox"/>	c. Certified payroll (ADOT format used)
<input type="checkbox"/>	d. On-Call DBE Goal Commitment Form
<input type="checkbox"/>	e. Certification of Final Indirect Cost Form – For Overhead-based Prime Consultant and all Subconsultants
<b>4) Cost Plus Fixed Fee by Task Order</b>	
<input type="checkbox"/>	a. Supporting justification provided for additional Labor Classes, and Labor Activity not included in the Labor Class and Labor Activity tabs
<input type="checkbox"/>	b. Supporting justification provided for additional Direct Expenses
<input type="checkbox"/>	c. Certified payroll (ADOT format used)
<input type="checkbox"/>	d. On-Call DBE Goal Commitment Form
<input type="checkbox"/>	e. Certification of Final Indirect Cost Form – For Overhead-based Prime Consultant and all Subconsultants

## SAMPLE COST PROPOSAL TRANSMITTAL LETTER

All Cost Proposals submitted must include a Transmittal Letter similar to the sample below on company letterhead and must be signed by the Consultant Project Principal and Project Manager:

Company Letterhead

(Date)

Arizona Department of Transportation  
Engineering Consultants Section  
205 S. 17<sup>th</sup> Ave, Room 293E, Mail Drop 616E  
Phoenix, AZ 85007-3213

**Attn:** \_\_\_\_\_, **Contract Specialist**

Re: Contract #: XXXX-XXX.XX  
Contract Description: \_\_\_\_\_  
TRACS No.: \_\_\_\_\_

Dear \_\_\_\_\_:

\_\_\_\_\_ (Prime Consultant) has electronically submitted a Cost Proposal for the above referenced contract through eCMS. The Cost Proposal was prepared in accordance with instructions outlined in the ECS Cost Proposal Preparation Guidelines and eCMS Online Cost Proposal User Manual.

The Cost Proposal was prepared with the following assumptions:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

\_\_\_\_\_ (Prime Consultant) has the required insurance requirements outlined in Section 4.20 of the contract and certifies that all Subconsultants working on the contract have the same required insurance coverage as the Prime Consultant. Furthermore, \_\_\_\_\_ (Prime Consultant) understands that ADOT reserves the right to request that \_\_\_\_\_ (Prime Consultant) provide proof that Subconsultants working on this contract have the required insurance coverage.

All required documents, such as the Key Personnel Form and Insurance Certificates contained in the Cost Proposal Checklist have been uploaded into eCMS. Documents uploaded in eCMS in support of the Cost Proposal include:

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_

We understand that no work on the contract/project can commence without a written Notice to Proceed (NTP) letter from ADOT and that \_\_\_\_\_ (Prime Consultant) will not be reimbursed for any work undertaken before a written NTP is issued by ADOT.

Respectfully Submitted,

\_\_\_\_\_  
John Doe  
Project Principal

\_\_\_\_\_  
John Smith  
Project Manager



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
01/01/2010

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	Sample Agency 123 Sample St Phoenix AZ 12345	CONTACT NAME:	Sample Agent	
		PHONE (A/C No. Ext):	123-456-7890	FAX (A/C No.):
		E-MAIL ADDRESS:	Sample email	
		INSURER(S) AFFORDING COVERAGE		NAIC #
		INSURER A:	Sample company	12345
INSURED	Sample Insured Inc. 123 Sample St Phoenix AZ 12345	INSURER B:	(could have multiple companies listed)	
		INSURER C:		
		INSURER D:		
		INSURER E:		
		INSURER F:		

## COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY		Sample no	01/01/10	01/01/11	EACH OCCURRENCE	\$1,000,000	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY	Y				Y	DAMAGE TO RENTED PREMISES (Ea occurrence)	\$50,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person)	Not required/any amount
	GENTL AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY	\$1,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC					GENERAL AGGREGATE	\$2,000,000	
						PRODUCTS - COM/POP AGG	\$1,000,000	
							\$	
A	AUTOMOBILE LIABILITY		Sample no	01/01/10	01/01/11	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000	
	<input checked="" type="checkbox"/> ANY AUTO	Y				Y	BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident)	\$
	<input type="checkbox"/> HIRED AUTOS						PROPERTY DAMAGE (Per accident)	\$
	<input type="checkbox"/> SCHEDULED AUTOS					\$		
	<input type="checkbox"/> NON-OWNED AUTOS					\$		
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE	This is an optional coverage that may not be shown			EACH OCCURRENCE	\$ optional amounts	
	<input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS					AGGREGATE	\$	
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY		Sample no	01/01/10	01/01/11	<input checked="" type="checkbox"/> WC STATUS <input type="checkbox"/> OTHER		
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N				E.L. EACH ACCIDENT	\$500,000	
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - EA EMPLOYEE	\$500,000	
						E.L. DISEASE - POLICY LIMIT	\$1,000,000	
A	Professional Liability		Sample no	01/01/10	01/01/11	\$1 000 000 Per occur \$2 000 000 Agg limit		

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101 Additional Remarks Schedule if more space is required)

The State of Arizona its departments, agencies boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor. Waiver of subrogation applies

## CERTIFICATE HOLDER

The State of Arizona  
Arizona Department of Transportation  
205 S. 17th Street  
Phoenix AZ 85007

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Signature of licensed producer*

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# DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB

0348-0046

(See reverse for public burden disclosure.)

<b>1. Type of Federal Action:</b> <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance		<b>2. Status of Federal Action:</b> <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award		<b>3. Report Type:</b> <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change <b>For Material Change Only:</b> year _____ quarter _____ date of last report _____	
<b>4. Name and Address of Reporting Entity:</b> <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known:  <b>Congressional District, if known:</b>			<b>5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:</b>  <b>Congressional District, if known:</b>		
<b>6. Federal Department/Agency:</b>			<b>7. Federal Program Name/Description:</b>  CFDA Number, if applicable: _____		
<b>8. Federal Action Number, if known:</b>			<b>9. Award Amount, if known:</b> \$ _____		
<b>10. a. Name and Address of Lobbying Registrant</b> (if individual, last name, first name, MI):			<b>b. Individuals Performing Services</b> (including address if different from No. 10a) (last name, first name, MI):		
<b>11.</b> Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.			Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____		
<b>Federal Use Only:</b>				Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)	

## INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.  
  
(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.



# ARIZONA DEPARTMENT OF TRANSPORTATION

## DISADVANTAGED BUSINESS ENTERPRISE (DBE)

### Intended Participation Affidavit – Consultant

<b>Consultant:</b>	<b>Contract No:</b>
<b>TRACS No(s):</b>	<b>Task Order No:</b>
<b>Contract Description:</b>	

#### Directions:

1. This Affidavit must reflect the information included on the individual *DBE Intended Participation Affidavit – Subconsultant* for each DBE Subconsultant or DBE Tier-Subconsultant.
2. A separate Subconsultant Affidavit must be submitted for EACH proposed Subconsultant DBE firm.
3. This Affidavit must be signed by an individual authorized to sign the SOQ proposals on behalf of the firm.
4. This Affidavit and all DBE Subconsultant Affidavits must be submitted with the Cost Proposal.

	Name of DBE Firm	Consultant, Sub,Tier-Sub or Vendor	Type of Services To be Provided	Total \$ Amount Awarded to DBE Firm**	\$ Amount subcontracted to another DBE firm**	\$ Amount subcontracted to NonDBE Firm**	\$ Amount performed by the DBE firm	% of work performed by the DBE firm (CUF) *
1								
2								
3								
4								
5								
TOTAL:								
Total \$ Amount toward DBE Goal								
(1) Total Contract/Task Order Amount **								
(2) Total % of DBE Commitment								
(3) Contract DBE Goal							%	

#### Consultant Certification:

##### I certify that:

1. My firm has accepted a proposal from the above named DBE Subconsultant(s).
2. My firm has notified the proposed DBE Subconsultant(s) of the estimated DBE commitment and this agreement is to be performed in accordance with DBE provisions of the contract.
3. My firm's use of the proposed DBE Subconsultant(s) for the items of work listed above is a condition of the contract award.
4. My firm will invite the proposed DBE Subconsultant(s) to attend any pre-negotiation partnering conferences or other required meetings related to this contract.
5. My firm is required to make sufficient reasonable efforts to (sub) contract either the same or other work to an alternative certified DBE equal to the amount to attain the DBE commitment if a proposed certified DBE is unable or unwilling to perform the work or any part of the intended work.
6. I understand that any work assigned to a certified DBE, who then subcontracts to a non-certified DBE will NOT count toward DBE goal.
7. \* My firm will ensure that DBEs will perform **commercially usefully functions (CUF)**, with at least 30% of work being performed by each DBE, as part of this contract and will provide documentation to ADOT, such as Subcontract Agreements with DBEs to validate such work.
8. I understand that failure to comply with the information shown on this form will be considered grounds for contract sanctions and other remedies deemed appropriate by ADOT.
9. I declare under penalty of perjury in the second degree, and any other applicable state or federal laws that the statements made in this document are true and complete to the best of my knowledge.

\*\* Total Contract/Task Order Amount must include the original and any additional amounts applied to the Contract or Task Order.

Name of Firm \_\_\_\_\_

Print Name \_\_\_\_\_ Title \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_



# ARIZONA DEPARTMENT OF TRANSPORTATION

## DISADVANTAGED BUSINESS ENTERPRISE (DBE)

### Intended Participation Affidavit – Subconsultant

Consultant:	
DBE Subconsultant:	
*DBE Tier-Subconsultant:	
- Subcontracted by:	DBE or Non DBE:
Contract No.:	Task Order No:
Contract Description:	TRACS No(s):

*\*Tier-Subconsultants refers to any subconsultant that is contracted to another subconsultant at any level.*

#### Directions:

1. This Affidavit must be completed by ALL DBE Subconsultant(s) and DBE Tier-Subconsultant(s) and signed by an officer or principal of the Subconsultant(s) DBE firm and submitted to the Consultant.
2. A separate Affidavit must be submitted for EACH proposed Subconsultant DBE firm.
3. List all full and partial services to be provided by the above named DBE Subconsultant(s).
4. All partial services provided must be fully explained. If not, the DBE will be considered to be responsible for the entire services to be performed. Attach additional sheets as necessary.
5. All DBE Subconsultant Affidavits must be submitted with the Cost Proposal.

	Name of DBE Firm	Consultant, Sub,Tier- Sub or Vendor	Type of Services To be Provided	Total \$ Amount Awarded to DBE Firm**	\$ Amount subcontracted to another DBE firm**	\$ Amount subcontracted to NonDBE Firm**	\$ Amount performed by the DBE firm	% of work performed by the DBE firm (CUF) ***
1								
Total \$ Amount toward DBE Goal								

**\*\* Total Proposed DBE Amount must include the original and any additional amount applied to the Contract or Task Order.**

#### Subconsultant Certification:

##### *I certify that:*

1. My firm has made an arrangement/agreement with the above named Consultant to do work listed above for the proposed contract.
2. My firm agrees to the proposed DBE commitment above and agrees to perform the services in accordance with the DBE provisions of the contract.
3. \*\*\* My firm will complete 100% of the work listed above or intends to subcontract \_\_\_\_% of the work to another DBE firm and/or \_\_\_\_% to another non-DBE firm.  
Name of DBE or non-DBE firm:  
**Note:** If percentage of work subcontracted out is greater than 70% of the DBE's work amount, the DBE is deemed not performing a commercially function (CUF) and the **DBE's participation is NOT counted toward the DBE goal.**
4. The use of my DBE firm for the items of work listed above is a condition of the Consultant being awarded this contract.
5. My firm will attend any pre-negotiation partnering conferences or other required meetings related to this contract.
6. If I subcontract any work to a non-certified DBE firm, I must inform the Consultant because the work will NOT count toward the DBE goal and it will LOWER my DBE participation. commitment if a proposed certified DBE is unable or unwilling to perform the work or any part of the intended work.
7. I understand that failure to comply with the information shown on this form will be considered grounds for contract sanctions and other remedies deemed appropriate by ADOT.
8. I declare under penalty of perjury in the second degree, and any other applicable state or federal laws that the statements made on this document are true and complete to the best of my knowledge.

Subconsultant Name \_\_\_\_\_

Title \_\_\_\_\_

Officer Signature \_\_\_\_\_

Date \_\_\_\_\_



## BUSINESS ENGAGEMENT & COMPLIANCE OFFICE

### CONSULTANT CERTIFICATION OF GOOD FAITH EFFORTS

*(Submit completed GFE pages 1 – 6 only with back-ups, if any)*

#### Purpose

The certification's intent is to document the good faith efforts undertaken by the Consultant in soliciting and utilizing DBE firms to meet the DBE participation requirements for the contract/project. The completed certificate will assist ADOT to determine if the Consultant performed its due diligence, took all necessary and reasonable steps to secure DBE participation for the referenced contract/project and resulted in obtaining comprehensive good faith efforts. ADOT Business Engagement & Compliance Office (BECO) will determine if the Consultant made satisfactory good faith efforts to secure sufficient DBE participation to meet the DBE goal. The burden of proof rests with the Consultant. **Failure to provide good faith efforts to BECO's satisfaction will result in the rejection of the proposal/modification.** However, BECO will reconsider Consultant's GFE resubmittal if Consultant has adequately and sufficiently documented its good faith efforts in obtaining DBE participation.

#### General

The information requested in this certificate is the minimum information required by BECO to evaluate your firm's good faith efforts. BECO reserves the right to request further documentation from the Consultant/Subconsultant(s) to support and validate actions undertaken to secure DBE participation and meet the DBE goal for this contract/task order.

#### Attestation

I, (Name) \_\_\_\_\_, do hereby acknowledge that I am the (Title) \_\_\_\_\_ of (Name of Firm) \_\_\_\_\_ and the Consultant selected for the ADOT project listed below:

Contract No.	Task Order No.	TRACS No.	Project Name	Estimated Contract Amount *	DBE Percentage	
					ADOT Goal	Proposed

\* Estimated Contract Amount **must** include any previous amounts of the Contract or Task Order.

Provide a brief summary on why you believe your firm is unable to meet the DBE participation goals on this contract/task order. Attach additional pages if necessary.

I hereby certify I demonstrated comprehensive good faith efforts to solicit and utilize DBE firms to meet the DBE participation requirements of this contract/modification by my responses to the following:

**GFE Activities**

**A. Notifying DBE Firms of Contracting Opportunities**

**1. List all DBE firms assigned to this contract:**

<b>DBE Firms Name and Address</b>	<b>NAICS / Commodity Code</b>	<b>NAICS / Commodity Code Description</b>

**2. Outreach: List all firms and assigned work tasks for this contract/task order:**

<b>Firm Name</b>	<b>Assigned Work Tasks</b>

3. List all DBE associations, organizations or publications that received announcements or written notifications from the Consultant, date published/sent and provide follow-up activity details. Provide explanation if no follow-up activities were performed. BECO reserves the right to request copies of all announcements or notifications listed.

Published Announcement / Publication (Provide brief description)	Date Sent	DBE Association / Organization	Contact Person	Date of Follow-Up Activities

4. Was BECO contacted at (602) 712-7761 to request assistance in the recruitment of DBE firms?

☐ Yes      Name of individual who contacted BECO: \_\_\_\_\_  
                  Telephone number provided: \_\_\_\_\_  
                  Date contacted: \_\_\_\_\_  
                  BECO representative contacted: \_\_\_\_\_  
                  Written correspondence attached      ☐ Yes   ☐ No  
☐ No      Explain:

**B. Identifying Subconsultant Work Units**

The Consultant is strongly encouraged to select portions of work to be subcontracted to increase the likelihood of achieving the DBE goals. In selecting work to be subcontracted, the Consultant shall consider where it is appropriate to break down the project into economically feasible work units to facilitate and promote DBE participation ([Appendix A to Part 26, Section IV](#) (B)).

1. Which portions or sections of the Scope of Work are able to be subcontracted?

2. Is there a DBE firm currently on the contract/project team able to perform the Scope of Work above?

☐ Yes      Name of firm \_\_\_\_\_  
☐ No

**C. Providing Assistance to DBEs**

1. Explain any efforts undertaken to provide DBE firms with adequate information about contract/task order Scope of Work and requirements of this contract ([Appendix A to Part 26, Section IV](#) (C)):

2. Describe any efforts undertaken to assist interested DBE firms in obtaining insurance required by ADOT or the Consultant ([Appendix A to Part 26, Section IV](#) (F)):



3. Describe any efforts undertaken to assist interested DBE firms in obtaining necessary assistance or services where applicable ([Appendix A to Part 26, Section IV](#) (G)):

4. Describe any efforts used to obtain services of available minority/women community organizations ([Appendix A to Part 26, Section IV](#) (H)).

**D. Soliciting Interested DBE Firms**

Consultants shall solicit services in good faith with all interested DBE firms. Proposals from interested DBE firms shall not be rejected by Consultants without sound business justification.

1. Provide the firm name, contact information and work proposed of all DBE firms that submitted a proposal for this contract/task order that were not selected. The reason for rejection must be provided for BECO to determine the Consultant's satisfactory good faith efforts. If no DBE proposals were rejected, state "NONE".

DBE Firm and Contact Person	Work Proposed	Explanation for Rejecting Proposal

2. Other comments or information you want BECO to consider as part of your good faith effort.

[illegible]

## Affidavit

The undersigned, (Name) \_\_\_\_\_, attest and declare under penalty of perjury in the second degree, and any other applicable state or federal laws, that the information provided on this certificate is true and correct to the best of my knowledge and belief.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Consultant/Authorized Representative

**Note:** The GFE form must be signed by an authorized signatory for the Consultant/Subconsultant.

ADOT BECO INTERNAL USE ONLY	
Date Received: _____	Received by: _____
Date Approved / Denied: _____ <i>(Circle one)</i>	Signature: _____
<b>Comments:</b>	

## **APPENDIX A TO PART 26 — GUIDANCE CONCERNING GOOD FAITH EFFORTS**

**Note:** “YOU” means the Agency (ADOT) in the following section of this requirement.

- I. When, as a recipient, you establish a contract goal on a DOT-assisted contract, a bidder must, in order to be responsible and/or responsive, make good faith efforts to meet the goal. The bidder can meet this requirement in either of two ways. First, the bidder can meet the goal, documenting commitments for participation by DBE firms sufficient for this purpose. Second, even if it doesn't meet the goal, the bidder can document adequate good faith efforts. This means that the bidder must show that it took all necessary and reasonable steps to achieve a DBE goal or other requirement of this part which, by their scope, intensity, and appropriateness to the objective, could reasonably be expected to obtain sufficient DBE participation, even if they were not fully successful.
- II. In any situation in which you have established a contract goal, part 26 requires you to use the good faith efforts mechanism of this part. As a recipient, it is up to you to make a fair and reasonable judgment whether a bidder that did not meet the goal made adequate good faith efforts. It is important for you to consider the quality, quantity, and intensity of the different kinds of efforts that the bidder has made. The efforts employed by the bidder should be those that one could reasonably expect a bidder to take if the bidder were actively and aggressively trying to obtain DBE participation sufficient to meet the DBE contract goal. Mere *pro forma* efforts are not good faith efforts to meet the DBE contract requirements. We emphasize, however, that your determination concerning the sufficiency of the firm's good faith efforts is a judgment call: meeting quantitative formulas is not required.
- III. The Department also strongly cautions you against requiring that a bidder meet a contract goal (*i.e.*, obtain a specified amount of DBE participation) in order to be awarded a contract, even though the bidder makes an adequate good faith efforts showing. This rule specifically prohibits you from ignoring *bona fide* good faith efforts.
- IV. The following is a list of types of actions which you should consider as part of the bidder's good faith efforts to obtain DBE participation. It is not intended to be a mandatory checklist, nor is it intended to be exclusive or exhaustive. Other factors or types of efforts may be relevant in appropriate cases.
  - A. Soliciting through all reasonable and available means (e.g. attendance at pre-bid meetings, advertising and/or written notices) the interest of all certified DBEs who have the capability to perform the work of the contract. The bidder must solicit this interest within sufficient time to allow the DBEs to respond to the solicitation. The bidder must determine with certainty if the DBEs are interested by taking appropriate steps to follow up initial solicitations.
  - B. Selecting portions of the work to be performed by DBEs in order to increase the likelihood that the DBE goals will be achieved. This includes, where appropriate, breaking out contract work items into economically feasible units to facilitate DBE participation, even when the prime contractor might otherwise prefer to perform these work items with its own forces.
  - C. Providing interested DBEs with adequate information about the plans, specifications, and requirements of the contract in a timely manner to assist them in responding to a solicitation.
  - D. (1) Negotiating in good faith with interested DBEs. It is the bidder's responsibility to make a portion of the work available to DBE subcontractors and suppliers and to select those portions of the work or material needs consistent with the available DBE subcontractors and suppliers, so as to facilitate DBE participation. Evidence of such negotiation includes the names, addresses, and telephone numbers of DBEs that were considered; a description of the information provided regarding the plans and specifications for the work selected for subcontracting; and evidence as to why additional agreements could not be reached for DBEs to perform the work.  
  
(2) A bidder using good business judgment would consider a number of factors in negotiating with subcontractors, including DBE subcontractors, and would take a firm's price and capabilities as well as contract goals into consideration. However, the fact that there may be some additional costs involved in finding and using DBEs is not in itself sufficient reason for a bidder's failure to meet the contract DBE goal, as long as such costs are reasonable. Also, the ability or desire of a prime contractor to perform the work of a contract with its own organization does not relieve the bidder of the responsibility to make good faith

efforts. Prime contractors are not, however, required to accept higher quotes from DBEs if the price difference is excessive or unreasonable.

- E. Not rejecting DBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The contractor's standing within its industry, membership in specific groups, organizations, or associations and political or social affiliations (for example union vs. non-union employee status) are not legitimate causes for the rejection or non-solicitation of bids in the contractor's efforts to meet the project goal.
- F. Making efforts to assist interested DBEs in obtaining bonding, lines of credit, or insurance as required by the recipient or contractor.
- G. Making efforts to assist interested DBEs in obtaining necessary equipment, supplies, materials, or related assistance or services.
- H. Effectively using the services of available minority/women community organizations; minority/women contractors' groups; local, state, and Federal minority/women business assistance offices; and other organizations as allowed on a case-by-case basis to provide assistance in the recruitment and placement of DBEs.
- V. In determining whether a bidder has made good faith efforts, you may take into account the performance of other bidders in meeting the contract. For example, when the apparent successful bidder fails to meet the contract goal, but others meet it, you may reasonably raise the question of whether, with additional reasonable efforts, the apparent successful bidder could have met the goal. If the apparent successful bidder fails to meet the goal, but meets or exceeds the average DBE participation obtained by other bidders, you may view this, in conjunction with other factors, as evidence of the apparent successful bidder having made good faith efforts.

Note: Contacting BECO (602 712-7761) for assistance in identifying certified DBEs that can perform work on a contract or task order is also considered a strong factor in making good faith efforts.

## BUSINESS ENGAGEMENT & COMPLIANCE OFFICE

### GFE Checklist

1. Review Scope of Work (SOW) for subcontracting opportunities.
2. Did firm make reasonable efforts to designate economically feasible and meaningful units of work for a DBE that meets or exceeds the DBE goal?

Keep in mind that selected DBEs must perform *commercially useful function* (CUF) as required by [49 CFR §26.55](#).

3. Are there DBE firms on the contract team that can do the work? If not, the firm must solicit other DBEs through the DBE Directory to perform work to meet or exceed the goal.
4. Some projects may be too small or do not provide meaningful units of work for subcontracting opportunities.
5. ADOT PMs must keep in mind that DBEs must be utilized when developing their SOWs. Splitting of work units into small task to circumvent the utilization of Subconsultants and DBEs violates the federal regulations.
6. When providing good faith documentation, it is not good enough to say that project is too small to include DBEs. Firm must explain the SOW and why no subcontracting opportunities are possible.
7. When providing good faith documentation, firms must include:
  - a. Date, contact name of staff they contacted at BECO for assistance
  - b. List of DBE firms the contacted to do the work
  - c. Any evidence of negotiations with the DBE firms
  - d. Evidence of efforts to reach out to DBE firms
8. Assistance provided to DBEs should include efforts to assist the DBE firms in obtaining bonding, lines of credit, insurance, equipment, materials, supplies or other project-related assistance.

**This is not intended to be mandatory checklist not it is intended to be exclusive or exhaustive list of good faith efforts. Other factors or types of efforts may be relevant on a case-by-case basis as determined by BECO.**

**Arizona Department of Transportation  
Engineering Consultants Section**

**On-Call Contract Disadvantaged Business Enterprise (DBE)  
Goal Commitment Form**

**Contract No.:** \_\_\_\_\_

**(Firm name)**, (CONSULTANT) certifies that:

- (1) The CONSULTANT will meet or exceed the \_\_\_\_% DBE goal or make good faith efforts to meet the goal for the above referenced contract

and

- (2) The CONSULTANT will meet or exceed the \_\_\_\_% DBE goal or make good faith efforts to meet the goal on **each** Task Order associated with the above referenced contract;

Firm Name: \_\_\_\_\_

Principal Name: \_\_\_\_\_

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

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

**ARIZONA DEPARTMENT OF TRANSPORTATION  
Engineering Consultants Section**

**Certification of Final Indirect (Overhead) Costs**  
*(For overhead-based Consultants and Subconsultants Only)*

**Note:** Only submit with the initial Cost Proposal and Modifications for which a new overhead rate is proposed.

**Contract Number:** \_\_\_\_\_

**Firm Name:** \_\_\_\_\_

**Proposed Indirect (Overhead) Cost Rate:** \_\_\_\_\_

**Date of Proposal Preparation:** \_\_\_\_\_

**Fiscal Period Covered:\*** \_\_\_\_\_ to \_\_\_\_\_

I, the undersigned, certify that I have reviewed the proposal to establish final indirect cost rates for the fiscal period as specified above and to the best of my knowledge and belief:

1. All costs included in this proposal to establish final indirect cost rates are allowable in accordance with the cost principles of the Federal Acquisition Regulations (FAR) of title 48, Code of Federal Regulations (CFR), part 31;  
  
and
2. This proposal does not include any costs which are expressly unallowable under the cost principles of the FAR of 48 CFR 31.

All known material transactions or events that have occurred affecting the firm's ownership, organization and indirect cost rates have been disclosed.

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

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

**Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

\* ***Refers to the firm's fiscal year's most recent complete financial statements.***

# Arizona Department of Transportation

## ENGINEERING CONSULTANTS SECTION

### CERTIFIED PAYROLL AND PROPOSED RATE FORM

(Straight and Average Rates)

Firm Name: \_\_\_\_\_

Contract Number: \_\_\_\_\_

**INSTRUCTIONS FOR COMPLETING THIS FORM:** List individuals who will be working on the project under the appropriate classification with their qualifications and actual hourly rates, as of the date of the Initial Cost Proposal submission. Should there be more than one individual proposed in a classification, average all the hourly rates for that classification.

LABOR CLASSIFICATIONS	EDUCATION	YEARS	AZ REGISTRATION /	HOURLY	AVERAGE	PROPOSED RATE FOR
EMPLOYEE NAME	(e.g., AA, BA, MA)	OF EXP.	CERTIFICATION NO.	PAYROLL	HOURLY RATE	CLASSIFICATION
				RATE*		
Project Principal				\$0.00	\$0.00	\$0.00
Project Manager				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
Senior Project Engineer				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
Project Engineer				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
Engineer				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
Designer				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
CADD Technician				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
Administrative				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00

\*An individual's hourly payroll rate must not be revised after the initial Cost Proposal submission to ADOT.

I CERTIFY THAT THE QUALIFICATIONS AND RATES FOR THE INDIVIDUALS LISTED ABOVE ARE TRUE AND ACCURATE.

ADOT reserves the right to request additional information to substantiate information contained on this form. Falsification of information on the Certified Payroll and Proposed Rate Form or any documents submitted during contract negotiations by the Consultant shall result in ADOT declaring failed negotiations and ADOT may proceed to negotiate with the next highest ranked firm in accordance with 40 USC §1104. Falsification of the Certified Payroll or any documents submitted during contract negotiations by the Subconsultant shall result in that Subconsultant being rejected from participation on the contract. Falsification by either Consultant or Subconsultant may also result in disqualification from submitting SOQs for future ECS contracts and may be subject to civil or criminal prosecution and severe penalties under the State or Federal law.

This form must be signed and dated by the Project Principal or an Officer of the firm.

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

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

Title: \_\_\_\_\_

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



# Arizona Department of Transportation

## ENGINEERING CONSULTANTS SECTION

### CERTIFIED PAYROLL - UNIT PRICES OF WORK

Firm Name: \_\_\_\_\_

Contract Number: \_\_\_\_\_

**INSTRUCTIONS FOR COMPLETING THE UNIT PRICES OF WORK SHEET:** List individuals who will be working on the project under the appropriate classification with their qualifications, actual hourly payroll rate and proposed **loaded** hourly rate (direct labor + overhead + profit) for each classification. Should there be more than one individual in a classification, average all the rates for that classification.

LABOR CLASSIFICATIONS EMPLOYEE NAME	EDUCATION (e.g. AA, BA, MA)	YEARS OF EXP.	AZ REGISTRATION / CERTIFICATION NUMBER	HOURLY PAYROLL RATE*	AVERAGE HOURLY RATE	PROPOSED LOADED RATE FOR CLASSIFICATION
Project Principal						
				\$0.00		
					\$0.00	\$0.00
Project Manager						
				\$0.00		
				\$0.00		
					\$0.00	\$0.00
Project Engineer						
				\$0.00		
				\$0.00		
					\$0.00	\$0.00
Engineer						
				\$0.00		
				\$0.00		
					\$0.00	\$0.00
Designer						
				\$0.00		
				\$0.00		
					\$0.00	\$0.00
CADD Technician						
				\$0.00		
				\$0.00		
					\$0.00	\$0.00
Administrative						
				\$0.00		
				\$0.00		
					\$0.00	\$0.00

\*An individual's hourly payroll rate must not be revised after the initial Cost Proposal submission to ADOT.

I CERTIFY THAT THE QUALIFICATIONS AND RATES FOR THE INDIVIDUALS LISTED ABOVE ARE TRUE AND ACCURATE.

ADOT reserves the right to request additional information to substantiate information contained on this form. Falsification of information on the Certified Payroll and Proposed Rate Form or any documents submitted during contract negotiations by the Consultant shall result in ADOT declaring failed negotiations and ADOT may proceed to negotiate with the next highest ranked firm in accordance with 40 USC §1104. Falsification of the Certified Payroll or any documents submitted during contract negotiations by the Subconsultant shall result in that Subconsultant being rejected from participation on the contract. Falsification by either Consultant or Subconsultant may also result in disqualification from submitting SOQs for future ECS contracts and may be subject to civil or criminal prosecution and severe penalties under the State or Federal law.

This form must be signed and dated by the Project Principal or an Officer of the firm.

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

Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

# Arizona Department of Transportation

## ENGINEERING CONSULTANTS SECTION CERTIFIED PAYROLL - WEIGHTED AVERAGE RATE

Firm Name: \_\_\_\_\_

Contract Number: \_\_\_\_\_

**INSTRUCTIONS FOR COMPLETING WEIGHTED RATE SHEET:** List individuals who will be working on the project under the appropriate classification with their qualifications and actual hourly rate, **as of the date of the initial Cost Proposal Submission**. Indicate the weighted percent involvement for each individual in each classification, the weighted average rate and the proposed hourly rate for the classification.

LABOR CLASSIFICATIONS EMPLOYEE NAME	EDUCATION	YEARS	AZ REGISTRATION / CERTIFICATION NUMBER	HOURLY PAYROLL RATE*	PERCENT OF INVOLVEMENT	WEIGHTED AVE. RATE	PROPOSED RATE FOR CLASSIFICATION
<b>Project Principal</b>							
				\$0.00		\$0.00	
					0.00%	\$0.00	\$0.00
<b>Project Manager</b>							
				\$0.00		\$0.00	
				\$0.00		\$0.00	
					0.00%	\$0.00	\$0.00
<b>Senior Project Engineer</b>							
				\$0.00		\$0.00	
				\$0.00		\$0.00	
					0.00%	\$0.00	\$0.00
<b>Project Engineer</b>							
				\$0.00		\$0.00	
				\$0.00		\$0.00	
					0.00%	\$0.00	\$0.00
<b>Engineer</b>							
				\$0.00		\$0.00	
				\$0.00		\$0.00	
					0.00%	\$0.00	\$0.00
<b>Designer</b>							
				\$0.00		\$0.00	
				\$0.00		\$0.00	
					0.00%	\$0.00	\$0.00
<b>CADD Technician</b>							
				\$0.00		\$0.00	
				\$0.00		\$0.00	
					0.00%	\$0.00	\$0.00
<b>Administrative</b>							
				\$0.00		\$0.00	
				\$0.00		\$0.00	
					0.00%	\$0.00	\$0.00

\*An individual's hourly payroll rate must not be revised after the initial Cost Proposal submission to ADOT.

I CERTIFY THAT THE QUALIFICATIONS AND RATES FOR THE INDIVIDUALS LISTED ABOVE ARE TRUE AND ACCURATE.

ADOT reserves the right to request additional information to substantiate information contained on this form. Falsification of information on the Certified Payroll and Proposed Rate Form or any documents submitted during contract negotiations by the Consultant shall result in ADOT declaring failed negotiations and ADOT may proceed to negotiate with the next highest ranked firm in accordance with 40 USC §1104. Falsification of the Certified Payroll or any documents submitted during contract negotiations by the Subconsultant shall result in that Subconsultant being rejected from participation on the contract. Falsification by either Consultant or Subconsultant may also result in disqualification from submitting SOQs for future ECS contracts and may be subject to civil or criminal prosecution and severe penalties under the State or Federal law.

This form must be signed and dated by the Project Principal or an Officer of the firm.

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

Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

**Arizona Department of Transportation  
ENGINEERING CONSULTANTS SECTION**

**Key Personnel List**

Contract #: \_\_\_\_\_

Consultant: \_\_\_\_\_

List all Key Personnel specified in the SOQ who will work on the project for the above referenced contract. Key Personnel include, but are not limited to, Project Principal, Project Manager, Project Engineer, Subconsultants Team members and any other Key Personnel deemed vital to the completion of the project, whose qualifications were evaluated by the Selection Panel.

Title	Name	Firm Name	Prime or Subconsultant	Brief Description of Role
Project Principal				
Project Manager				

\* Add additional lines as needed

The CONSULTANT shall not change any of the approved Key Personnel List assigned to the contract until it has obtained written approval from the Project Manager and ECS through an Administration Determination Letter or Contract Modification. The Consultant shall provide a **10-calendar-day advance notice**, in writing, to ADOT of any changes in the Key Personnel listed in the SOQ proposal and listed on this form as approved by ADOT. The written advance notice shall include the name of the Key Personnel, date of departure, and the name of the proposed replacement and his/her credentials/resume. Qualifications of any Key Personnel proposed in a change shall be **equal to or greater** than those proposed in the original SOQ proposal. ADOT reserved the right to approve or reject the proposed successor. The Department will consider any change in Key Personnel, and at its discretion may decide to terminate the contract for convenience if, in the Department's sole discretion, the Department believes that the project team is materially different because of the change. Failure to provide ADOT with advanced notification within the specified timeframe may result in termination of the contract, re-advertisement of the contract and/or loss of prequalification status.

\_\_\_\_\_  
Project Principal Name

\_\_\_\_\_  
Project Principal Signature

\_\_\_\_\_  
Date

**Arizona Department of Transportation  
Engineering Consultants Section**

**SUMMARY OF BASIS FOR COST PROPOSAL**

Describe how the firm plans to approach the Scope of Work items below as reflected in the submitted Cost Proposal. Provide any other information as deemed appropriate or as requested by the ADOT Project Manager. Upload this completed document with the completed online Cost Proposal to be submitted for the contract.

**GENERAL INFORMATION**

Location  
Description of Project  
Purpose  
Construction Cost  
Organization  
Length of Services  
Project Schedule  
Progress Meetings  
Responsibility Chart

**DESIGN REFERENCES**

ASHTO Publications

**DESIGN CRITERIA**

Supplemental Design Criteria

**DESIGN WORK PERFORMED BY CONSULTANT**

Public Information Meetings and Public Hearings  
Data Collection and Survey  
Cost Estimates  
Drainage Report  
Geotechnical Investigations  
Structures  
Traffic and Analysis and Change of Access Report  
Right-of-Way  
Utilities and Railroad

**ARIZONA DEPARTMENT OF TRANSPORTATION**  
**ADMINISTRATIVE SERVICES DIVISION**  
**OFFICE OF AUDIT & ANALYSIS**



**CONSULTANT AUDIT GUIDELINES**

**Created: March 3, 2014**

## Background:

(Replaces ECS Information Bulletins 98-03, 98-05, 98-08, 98-12, 98-16, 98-20, and 09-04, and A&A's Publication of Recommended Disclosures and Information, ADOT Advanced Agreement Guideline, and ADOT Cost Allowability Guidelines)

## Purpose:

The following guidelines outline audit requirements for Consultants doing business with ADOT through the Engineering Consultants Section.

### I. Pre-Award Reviews

The selected Consultant and its Subconsultants negotiating contracts through ECS are required to submit documentation to A&A within two weeks of receiving a notice of selection. Failure to comply with this requirement within the established timeframe may substantially delay contract execution and may be considered failed negotiations.

All Prime Consultants and its Subconsultants that propose on an overhead basis shall annually submit their Schedule of Indirect Costs and Financial Statements to A&A for review within six months of the completion of the Consultant's preceding fiscal year-end (FYE). Non-compliance with this requirement may be considered a breach of contract and may result in termination of all active contracts held by the firm with the State.

The items outlined below represent information needed to begin the review process. Additional information and supporting documentation may be requested.

#### A. Unit Prices of Work (UPOW):

- Firms performing less than \$200,000 of work through ECS on an annual basis (including those firms on an overhead rate basis) have the option of proposing Unit Prices of Work. The threshold applies to the total dollar value of work performed on all contracts through ECS annually, rather than a single contract.
- The Consultant's proposed prices will be reviewed for fairness and reasonableness, and invoice support of the proposed prices will be required. Failure to provide this information may result in A&A being unable to provide a recommendation to ECS regarding the fairness and reasonableness of the proposed rates.
- Prices proposed as Lump Sum amounts are unable to be evaluated for fairness and reasonableness without additional information supporting how the lump sum was derived. Avoid the use of lump sums if possible.
- Internally-generated Other Direct Costs (ODCs) are expected to be included in the proposed Unit Prices of Work. Externally-generated ODC's are considered allowable at cost, subject to reasonableness.
- Once a firm has exceeded the \$200,000 threshold for Unit Rates, the Consultant shall be required to propose on an overhead basis for the following fiscal year. All requirements identified within Section I, part C of this document would be mandated at that point.

B. Commercial Item Prices (CIP):

- All Subconsultants providing services that generate more than 50% of their revenue from the commercial marketplace will be required to submit commercial item pricing.
- ADOT will not pay any amount in excess of the Consultant's most favored customer price, or the price of other suppliers for like quantities of the same or substantially the same items, whichever is lower.
- Both a commercial item price list and invoice support of the proposed rates will be required. In certain instances A&A may schedule a site visit to review customer invoices.
- Prices proposed as Lump Sum amounts are unable to be evaluated for fairness and reasonableness without additional information supporting how the lump sum was derived. Avoid the use of lump sums if possible.

C. Overhead:

Firms on an overhead rate basis shall be required to have a compliant accounting system which records, measures, and allocates financial information both accurately and completely in accordance with the Generally Accepted Accounting Principles (GAAP), Federal Acquisition Regulation (FAR) Part 31, applicable Cost Accounting Standards (CAS), and the AASHTO Uniform Audit & Accounting Guide (hereinafter referred to as the "Guide"). Consultants can find these documents on A&A's website and should refer to them for questions regarding the allowability, allocability, and reasonableness of costs.

Firms on an overhead rate basis must provide the following documentation during a pre-award review at the onset of a contract or a yearly overhead rate determination:

- Submission of a Cognizant letter (as defined in the Guide) from another state DOT or Federal agency for the Consultant's most recent year end; or
- A CPA or internally-prepared (in accordance with GAAP) Overhead Schedule, and
- Completed AASHTO Internal Control Questionnaire (ICQ), which can be found in Appendix B of the Guide, and all supporting attachments listed on page 1, and
- Executive Compensation Analysis (as described in Section 7.5 of the Guide, including all employees at the Vice President (Other Principal) level and higher, if available).

Additional Considerations:

- Firms with more than one engineering discipline or specialty must provide and be able to substantiate separate unique indirect cost rates (i.e. design/home office, field/construction administration, survey, testing, etc...).
- Firms with large federal contracts are subject to and should be aware of Cost Accounting Standards (CAS) and should confirm that they are in compliance with either full or modified CAS regulations. (See 48 CFR, CH. 1, Part 30 and CH. 99).
- Facilities Capital Cost of Money (FCCM) – If a firm chooses to propose FCCM, it should be a separate line item on its cost proposal and not included in its indirect cost schedule (See Section 8.6 of the Guide).

#### D. Preaward Review Findings (Notification Process)

- Overhead: If A&A's review resulted in overhead adjustments, a formal Notification of Preaward Review Findings is sent to the consultant. The notification includes a cover letter which details the proposed adjustments, and a copy of the draft report. The Consultant has five (5) business days to provide additional information for consideration by A&A. Any additional information received by A&A is reviewed for sufficiency and will result in a revision of the draft and re-submission to the firm for review, additional correspondence with the firm, or issuance of the final report. If no response is received within the allotted time, it is considered acceptance of the findings by the firm, and the draft report is issued as final. ECS will provide the final report to the firm at their request.
- UPOW and CIP: If A&A's review resulted in price adjustments, the consultant will be notified of the recommended prices by either telephone or email, and will usually have 5 business days in which to provide additional information to A&A for consideration. Any additional information received by A&A is reviewed for sufficiency and will result in a revision of the recommendations and communication to the firm, additional correspondence with the firm, or issuance of the final report. If no response is received within the allotted time, it is considered acceptance of the recommendations by the firm, and the final report will be issued. ECS will provide the final report to the firm at their request.

#### II. Incurred Cost Audits (Final Audits)

- A. All Cost-Plus Fixed Fee (CPFF) and Cost-Plus Fixed Fee by Task Order (CPFFTO) contracts are subject to a final incurred cost audit. Additionally, Lump Sum (LS) and Lump Sum by Task Order (LSTO) contracts with negotiated-provisional rates are subject to audit. In general, Lump Sum (LS) and Lump Sum by Task Order (LSTO) contracts with negotiated overhead rates are not subject to audit. However, with the State Engineer's concurrence, A&A has been performing selected cost studies of these contracts to determine the effectiveness of ADOT's negotiation process. No true-ups or adjustments will be made as part of this process for lump sum and lump sum contracts.
- B. A CPA prepared overhead schedule or a Cognizant letter from another state DOT or Federal agency that meets GAAP, FAR, CAS, and AASHTO Audit Guide requirements is an acceptable starting point for Incurred Cost/Final Audits. A&A may determine a review of the CPA's work papers per AASHTO Audit Subcommittee procedures is necessary.

In the absence of a CPA prepared overhead schedule or a Cognizant letter, A&A will audit the overhead based on the submitted ICQ and related documentation. A review of Appendix A to the AASHTO Guide will give Consultants an understanding of the procedures CPA firms follow when performing an incurred cost audit. These procedures are mandated by the FHWA as part of all states' oversight of federal funding requirements.

- C. Consultants will be final audited on a three-year rotating cycle. Audits will cover all open contracts, both active and pending closeout.
- D. CPA firms have been instructed to make the consultants aware of any potential findings during the course of their work in an effort to reduce potential surprises during the exit conference



(draft phase). Supporting documentation must be submitted to the CPA firm within 5 business days after the issuance of the draft report. An extension may be granted (at the discretion of ADOT) if extenuating circumstances exist, and the request is made in writing.

If no response has been received from the consultant prior to the issuance of the final report, the CPA and ADOT will regard this as acceptance of the findings in the draft report. If there are still disagreements after the final report has been issued, the consultant can follow the ADOT Protest Policy identified in Section 1.14 of the ECS Rules. Note: Any issues not previously discussed with the CPA firm during the draft phase are not eligible for inclusion in this process.

### III. Record Retention

The Consultant, its Subconsultants, and all CPA firms involved shall retain and maintain all books, papers, accounting records and all other contract related documentation for five (5) years after ADOT indicates that work on the contract has been completed to the satisfaction of the State. The date the ADOT Project Manager indicates to ECS that all the project work is complete (i.e., ADOT PM completes and submits the Contract Status Form) will represent the start date of the 5-year retention period (ECS Pending Closeout Date).

If the Consultant has failed to retain records in accordance with these rules and contract provisions, it shall be presumed that the documents would not have supported the Consultant's invoiced costs. Unsupported costs are expressly unallowable per FAR 31.201-2(d) and must be reimbursed to the State.