



NEW LABOR CLASSIFICATIONS AND DEFINITIONS

ADOT/ACEC Liaison Meeting

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Goals for Today's Presentation

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- Project Overview

2

- Introduction of Approved List

3

- Implementation Guidelines

Project Purpose

- In November of 2011, the ADOT/ACEC Working Committee recognized the need for more consistent use of Labor Classifications to streamline the contract negotiation process.
- **The Goal was to provide consistency of Classifications by:**
 - Developing a standardized list of Labor Classifications and vastly reducing the existing list of 377 classifications.
 - Developing clear definitions that would mean the same thing to ADOT and all Consulting Firms regardless of the various Titles used by various firms.

The Labor Classification Team

- The ADOT/ACEC Working Committee (AAWC) formed a team comprised of ADOT PMs, ECS personnel, and Consulting Firms of all sizes, to develop a standardized list of Labor Classifications and Definitions.



- Facilitated by CCP - Bonnie Opie

- Team members:

Bill Cowdrey, HDR
CG, Premier Engineering
Catherine Alcorn, C.R. Engineering
Dave French, URS
Frank Rivera, ATL
Karl Obergh, Ritoch Powell
Steve Gangwal, Alpha Engineering
Janice Burnett, ACEC

Steve Mishler, ADOT PM
Vicki Bever, ADOT PM
Julio Alvarado, ADOT Construction Group
Barry Crockett, ADOT SEO
Deanna Graham, ADOT Civil Rights
Vivien Lattibeaudiere, ADOT ECS
Julia Voight, ADOT ECS
Pettie Penn, ADOT ECS
Giuly Caceres, ADOT PM
Barb Domke, ADOT ECS
Eric Boyles, ADOT ECS

The Process

What did the Team do?

- 10 Team meetings from Dec 2011 to July 2012
- Researched definitions used by other agencies, other industries, etc.
- Consulted with all ADOT Technical Groups
- 377 classifications reduced to 57 classifications with clear, concise and consistent definitions.
- Added requirements for experience, education, and registrations, as applicable. For Example,

Project Manager

Provides leadership and oversight of the technical performance on projects in any discipline, which may include Bridge/Structures, Drainage, Environmental, Geotechnical, ITS, Materials, Planning, Survey, Roadway, ROW, Traffic, Utility, etc. Possesses diversified knowledge of applicable principles and practices. Applies advanced techniques, modifications and theories and serves as technical liaison on matters pertaining to field of practice. May also include QA/QC duties. Qualifications: A minimum of 10 years of relevant experience and applicable current Arizona Registration.

The Survey

- Survey was developed and sent to ADOT Groups and Consultants.
- Sent to 585 firms in May 2012 with 57 proposed Labor Classifications.
- ADOT Technical Groups and the ACEC Board were also surveyed.
- Survey Response Rate as follows:
 - 100% response rate from ADOT Technical Groups
 - 12% response rate for Firms (70)
- Every comment received from the survey was reviewed by the Team.
- 13 additional definitions added to the original list of 57.
- Many definitions were revised based on the comments submitted in the survey.

The Final Results



- 377 Labor Classifications are now reduced to a new, concise list of 70 well-defined Labor Classifications.
- The “Approved List” of Labor Classifications.
- Education and Experience requirements based on Industry standards.
- Detailed guidelines were written to clarify the use of the new Classifications.
- Presentation to share results with ADOT PMs and ECS staff, July 24th, 2012
- Presentation to share results with Consulting Firms, July 31, 2012

A decorative graphic on the left side of the slide, consisting of several overlapping, wavy blue lines that curve upwards and then downwards, creating a sense of motion and flow. The lines are in various shades of blue, from light to dark, and have a slight transparency.

The New Classification List

Overview of Classifications

- The approved list has **six (6) categories**:
 - (1) General/Engineering
 - (2) Construction
 - (3) Environmental
 - (4) Survey
 - (5) Right-of-Way
 - (6) Miscellaneous
- Many labor classifications on the list include a regular and senior position. The Differences include:
 - Duties to be performed.
 - Education and/or years of experience.
 - Senior positions generally include leadership/supervisory duties and require 15 or more years of experience.

Overview of Classifications

- A general “Technician” classification
 - Entry level with no education or experience required.
 - Can be used in any discipline when someone doesn’t meet the qualifications.
 - For example, the definition for a Survey Technician requires 3 years of experience. Any Survey Technician with less than 3 years experience, can be listed as a general technician instead.

DEFINITION

This classification is an ENTRY LEVEL position not defined in other classifications. Individuals in this classification generally perform non-technical or field work under supervision. May include technical disciplines such as Materials, Geotechnical, Traffic, Bridge/Structures, Roadway, ROW, Utility, Drainage, Planning, Survey, Environmental, etc. Qualifications: Formal education or experience is not required.

Overview of Classifications

- Listed in order of progression with similar classifications or listed in a cluster of classifications.
 - e. g., Associate Biologist, Biologist, Biologist - Sr.
 - e. g., Designer, Engineer, Project Engineer, Project Manager
- The Designer, Engineer and Project Manager classifications encompass all engineering disciplines.

Overview of Classifications

- Some classifications were eliminated without an equivalent.
 - For example: 2 and 3-Survey Crew classifications are no longer applicable
 - Crews must be proposed based on specific work to be performed by each crew member in various combinations comprised of Technician, Survey Technician, Designer and Survey Party Chief, etc.
- A few new classifications were added. Examples include:
 - Project Coordinator
 - Noise Specialist
- Some classifications were eliminated but were incorporated into other definitions. Examples include:
 - QA/QC was included in Project Manager and Senior Project Engineer classifications




LABOR CLASSIFICATIONS AND DEFINITIONS GUIDELINES

Implementation Guidelines

Vivien Lattibeaudiere, Ph.D.

ADOT ECS Director

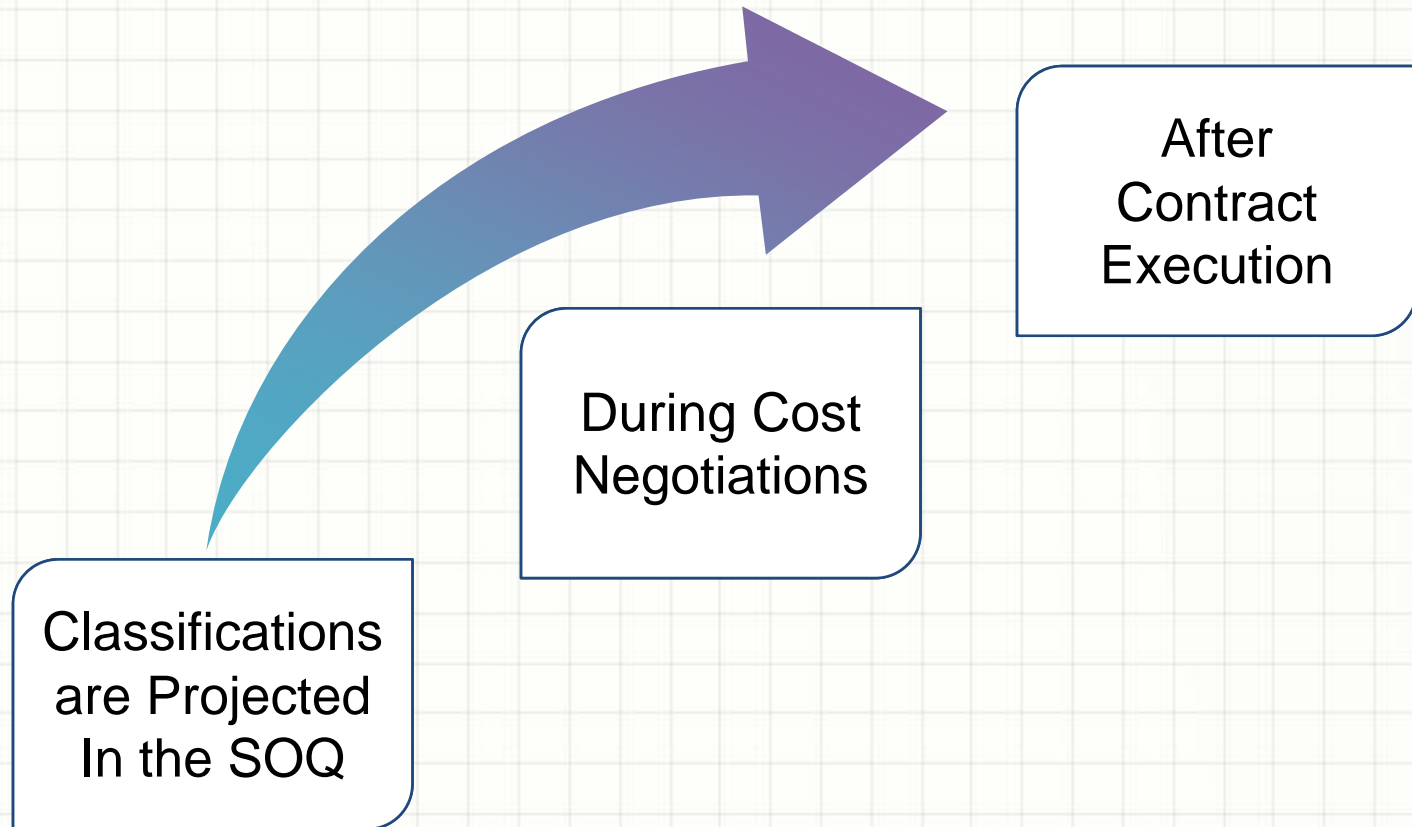
7/31/2012



Implementation of the Approved List

- Applies to all new ECS contracts selected/awarded after **August 1, 2012**.
- Applies to adding Labor Classifications to existing ECS Contracts.
- Labor Classifications must come from the Approved List.
- Classifications are not based on the Titles Consultants' use for their staff.
- The approved list will be updated annually.

Labor Classifications and the Stages of Contract Management



Classifications are Projected in the SOQ

- Each Submittal of Qualifications (SOQ) will include a list of “Projected” Labor Classifications.
- The “Projected” list is a means for the ADOT Project Manager to share his/her initial expectations for the contract.
- The “Projected” Labor Classification list is not:
 - Considered final
 - Intended to limit how a Consultant proposes an SOQ
- Labor Classifications listed in the SOQ will be prepopulated in the Online Cost Proposal Module.

During Cost Negotiations

- Consultants are required to use Labor Classifications from the approved list **only**.
- Firms must ensure their staff meets the minimum qualifications for the proposed Labor Classification.
- A Consultant will have the opportunity to propose additional/different Labor Classifications during Cost Negotiations
- Any additional proposed labor classification(s) are subject to the PM's and ECS's review and approval.
- Consultants should contact the PM or ECS for guidance on Labor Classifications during cost negotiations.

During Cost Negotiations

- During the transition period, Labor Classifications from the approved list will have a * in front of them, when accessed in the Cost Proposal Module.



- Consultants may add the newly proposed Labor Classifications, but should not delete Labor Classifications that are prepopulated.
- ECS and PMs will review proposed classifications for appropriateness.

Other-Pre-Approved by ADOT

- **In very rare circumstances**, ADOT may approve a Consultant's request to use a labor classification not on the approved list.
- This will be RARE and the position must be highly specialized.
- Approval by both the ADOT PM and ECS Contract Manager is required.
- If approved, the Consultant will use the "Other-Pre-Approved by ADOT" classification in the Online Cost Proposal Module.

(* Required Field) Class:
*Msc: Other/ADOT Pre-Approved

Average Hourly Rate: \$
(n/a for Consultant Contact)

Name:

Phones (Office/Direct/Cell):
Email:

Exit Save and Exit

Other-Pre-Approved by ADOT

- When proposing a Labor Classification not on the Approved List, the Consultant must define and justify the new labor classification with supporting documentation uploaded into eCMS.
- Consultants must provide the following with a new classification:
 - The name of the new classification
 - A definition of duties to be performed (in alignment with other definitions)
 - The required education, experience and/or registration/license/certification required
- The position definition must align with other definitions in the approved list.
 - A Senior position must have 15 years experience.
 - Must meet the accepted industry standard for education, registration or certification in the specialized field.

Other-Pre-Approved by ADOT

- The “Other-Pre-Approved by ADOT” classification may ONLY be used for a specific contract.
- **Unauthorized use of the “Other-Pre-Approved by ADOT” classification will result in the automatic rejection.**
- ADOT PMs and ECS will review and approve or disapprove and recommend alternative labor classifications as necessary.



Certified Payroll & Proposed Rate Form

- Consultants will provide the Qualifications for all personnel on a Certified Payroll Form, to ensure the qualifications are met.
- Information provided will include:
 - Education
 - Number of Years of Experience
 - Technical Registration/Certification number, as applicable
 - Actual hourly rate for individual being proposed
- 3 Types of Certified Payroll Forms
 - Straight and Average Rate
 - Weighted Average Rate
 - Unit Prices of Work Rate
- Subconsultants may submit Certified Payroll directly to ECS, if desired.

FORM Versions

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



Certified Payroll & Proposed Rate Form

- The Form must be signed by the Project Principal or Officer of the Firm
- ADOT reserves the right to request verification documentation.
- Falsification of the Certified Payroll & Proposed Rate form could result in:
 - Failed negotiations
 - Removal of a SubConsultant
 - Disqualification and/or criminal prosecution

Cost Negotiations

- ECS will review, negotiate and approve all proposed labor classification rates.
- Labor rates for each classification must be within the Range of Reasonableness (ROR) determined by A&A for the classification.
- Labor Classifications and rates allowed for one contract are NOT automatically acceptable for a different contract.

After Contract Execution

- Firms may add additional classifications from the approved list only.
- Contract Modification requests are to be submitted to ADOT PMs.
- An ADOT PM will work with the Consultant to determine the appropriate classification(s).
- The PM will notify ECS and the Consultant of any decisions.
- If approved, ECS will negotiate the rate for additional Labor Classifications.
- ECS executes Contract Modifications.
- Once approved, the labor classification can be used for future Mods or TOs for the contract.

Summary

- Familiarize yourself with the new Labor Classifications.
- “Find your staff” in the Approved list.
- Confirm Qualifications, as necessary.
- Study the Consultant Guidelines to ensure you are compliant.
- Contact the ADOT PM or ECS for assistance, as needed.



LABOR CLASSIFICATION AND DEFINITIONS GUIDELINES

**REASONABLENESS OF
DIRECT LABOR RATES**

Greg Hill, ADOT Chief Auditor
7/31/2012

Direct Labor Rates

Brooks Act (40 USC 1104)

- “Sec.904. (a) The agency head shall negotiate a contract with the highest qualified firm for architectural and engineering services at compensation which the agency head determines is **fair and reasonable** to the Government.” *(emphasis added)*

Direct Labor Rates

FAR Requirements

- Cost must be allowable and reasonable
 - FAR 31.201.3 defines “reasonableness” as a cost which : “...in its nature and amount, does not **exceed** that which would be incurred by a prudent person in the conduct of competitive business.” (*emphasis added*)
- FAR also states that: “...the burden of proof **shall be upon the contractor** to establish that such cost is reasonable.” (*emphasis added*)

Direct Labor Rates

ADOT Analysis & Methodology

- Use the mean (simple average) as starting point
 - Prior method used median
- Calculate one standard deviation from the mean
 - Prior method added ten percent to the median calculated from three years of historical data

Direct Labor Rates

ADOT Analysis & Methodology (continued)

- Used negotiated rates from FY 2010 through 2012
- If no negotiated rates for the newly-defined classifications were comparable:
 - Similar ADOT classifications incremented by twenty percent (20%)
 - Similar loaded rates (stripped of adders)
 - Other sources (such as job advertisements for identical or similar occupations)

Direct Labor Rates

- Final management review in process
- Audit & Analysis does not *establish* rates; it recommends rates; ECS negotiates rates
- Using the proposed method, approximately 85 percent of the historically negotiated rates used in our analysis fall within the range of reasonableness



QUESTIONS?

How we responded to the comments?

Approved

Transportation Planner: Provides technical analysis for predesign projects. Applies planning techniques and serves as technical liaison on matters pertaining to field of expertise. May perform modeling, traffic forecasts, land use, urban planning, statistics or analysis. Qualifications: Bachelors Degree in technical or business discipline. A minimum of three years of experience.

Answer Options	Response Percent	Response Count	
My firm uses this	40.0%	24	
My firm does not use	60.0%	36	
			<i>answered question</i> 60
			<i>skipped question</i> 29
I agree with this	79.2%	19	
I disagree with this	20.8%	5	
Comment/suggestion for this definition		6	
			<i>answered question</i> 24
			<i>skipped question</i> 65

#	Date	Comment/suggestion for this definition
1	4-May	Agree with Transportation Planner definition--suggest the addition of a senior transportation planner classification requiring 10+ years of experience.
2	3-May	Due to the nature of our niche (traffic engineering) the tasks in this designation are carried out by our traffic analysts, traffic engineers and senior traffic engineers. Could this designation be added to engineer? Or perhaps added to a new transportation planner/traffic analyst designation?
4	2-May	requires a bachelor's degree in a technical or business discipline - this could restrict some folks.. planners come from all kinds of education backgrounds. Would things like geography, history, English, political science, sociology qualify as a technical or business disciplines? Suggest modifying to require a Bachelor's degree and related planning experience.[] Where do senior planners fit in this series?
5	30-Apr	Need senior Transpo Planner position
6	23-Apr	Needs more than simply a Batchelor's degree. Should include some years of experience component