

# ARCHITECTURAL & ENGINEERING HANDBOOK



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Architectural & Engineering Handbook  
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## Preface

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This *Architectural and Engineering (A&E) Handbook* provides an overview of the contracting process for A&E consultant services.

The project team thanks all individuals within the districts and headquarters for their support and contributions to the production of this handbook.

### **Purpose**

This handbook provides guidance and a structured process for the planning, procuring, and managing of A&E consultant services contracts. These procedures ensure that specific steps involving both California Department of Transportation (Department) staff and consultants are utilized to successfully plan, procure, and manage an A&E contract while meeting Department goals for project delivery.

### **Audience**

Department staff, especially in the Consultant Services Units, and Department A&E consultants.

### **Background**

This document supersedes all previous editions of the Department *Executive Summary, A&E Consultant Services Procedures* published August 1991 and the *A&E Consultant Services Manual* published July 1992.

### **Conventions**

Titles of books appear in *italics*.

Names of forms appear in *italics*.

Web site URLs appear in ***bold italics***.





# CONTENTS

---

Preface.....	iii
Purpose.....	iii
Audience.....	iii
Background.....	iii
Conventions.....	iii
Figures.....	viii
Overview .....	1
Basic Concepts.....	2
Contract Planning .....	5
Identifying Contract Needs.....	6
Appointing the Contract Manager.....	8
Determining the Contract Type.....	9
On-Call Contracts.....	9
Project-Specific Contracts.....	10
Developing the Scope of Work.....	12
General Scope.....	12
Detailed Scope.....	12
Developing the State Estimate.....	13
On-Call Contracts.....	13
Project-Specific Contracts.....	13
Determining DBE or DVBE Goals.....	14

Determining the Cost and Term.....15

Determining the Payment Method.....16

    Specific Rates of Compensation.....16

    Firm Fixed Price.....16

    Actual Cost Plus Fixed Fee.....16

    Cost Per Unit of Work.....17

Establishing the Consultant Selection Committee.....18

Establishing the Procurement Schedule.....19

Contract Procurement .....21

    Submitting the ADM 360 Package.....22

    Selecting the Top Firm.....23

        Advertising for Consultants.....23

        Receiving Statements of Qualifications.....23

        Developing the Shortlist.....23

        Completing the Civil Rights Review.....24

        Sending the Draft Contract to Shortlisted Firms.....24

        Performing Reference Checks.....24

        Interviewing the Shortlisted Firms.....24

        Developing the Final Rankings.....25

        Notifying Firms of Final Selection.....25

    Analyzing the Consultant’s Cost Proposal.....26

    Initiating the Pre-Award Audit.....27

    Negotiating the Contract.....28

    Finalizing the Contract.....30

    Encumbering Funds.....31

    Executing the Final Contract.....32

Contract Performance .....33

    Issuing the Notice to Proceed.....34

    Managing the Schedule, Scope, and Cost.....35

        Coordinating Department and Consultant Activities.....35

        Managing QA.....35

        Reviewing Invoices.....36

        Monitoring the Schedule and Funds.....37

        Monitoring DBE or DVBE Goals.....37

        Amending the Contract.....37

    Completing the Contract Work.....39

    Paying the Final Invoice.....40

    Settling Claims/Disputes.....41

Contract Post-Performance .....43

    Disencumbering Funds.....44

Evaluating Consultant Performance.....45

Completing the Post Audit.....46

Appendices ..... 47

    Appendix A - Task Orders.....48

        Requesting the Task Order from Contract Manager.....49

        Developing the Detailed Scope of Work.....50

        Developing the State Estimate.....50

        Preparing the Draft Task Order.....50

        Requesting the Cost Estimate from the Consultant.....51

        Analyzing the Cost Estimate.....51

        Analyzing the DBE or DVBE Utilization.....51

        Negotiating the Task Order.....51

        Encumbering Funds.....51

        Example: Task Order Format.....52

    Appendix B - Amendments.....54

        Amending an On-Call Contract.....57

        Amending a Project-Specific Contract.....59

Glossary ..... 61

Acronyms ..... 65

Index ..... 67

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## Figures

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Figure 1. A&E contract process flowchart.....	3
Figure 2. Task order process flowchart.....	49
Figure 3. Example task order format.....	54
Figure 4. Amendment process flowchart.....	55



# « *1* »

## OVERVIEW

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This chapter summarizes the Department's contract process.

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## Basic Concepts

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The Department delivers capital projects listed in State and federal programs including, but not limited to:

- ▶ State Transportation Improvement Program (STIP)
- ▶ State Highway Operation and Protection Program (SHOPP)
- ▶ Traffic Congestion Relief Program (TCRP)

Laws and regulations establish the programs and define each program's purpose, funding sources, and funding process. For more information on programs and project components, see the Department's *Project Management Handbook*.

For each programmed project, the project team develops a workplan delineating:

- ▶ All required work elements
- ▶ The level of effort to complete each element
- ▶ A schedule for the completion of the elements

Work on approved projects that is beyond the capacity of Department staff is resourced through consultant services. The Department processes, policies, and procedures for using consultant resources comply with current State laws and agreements with relevant bargaining units.

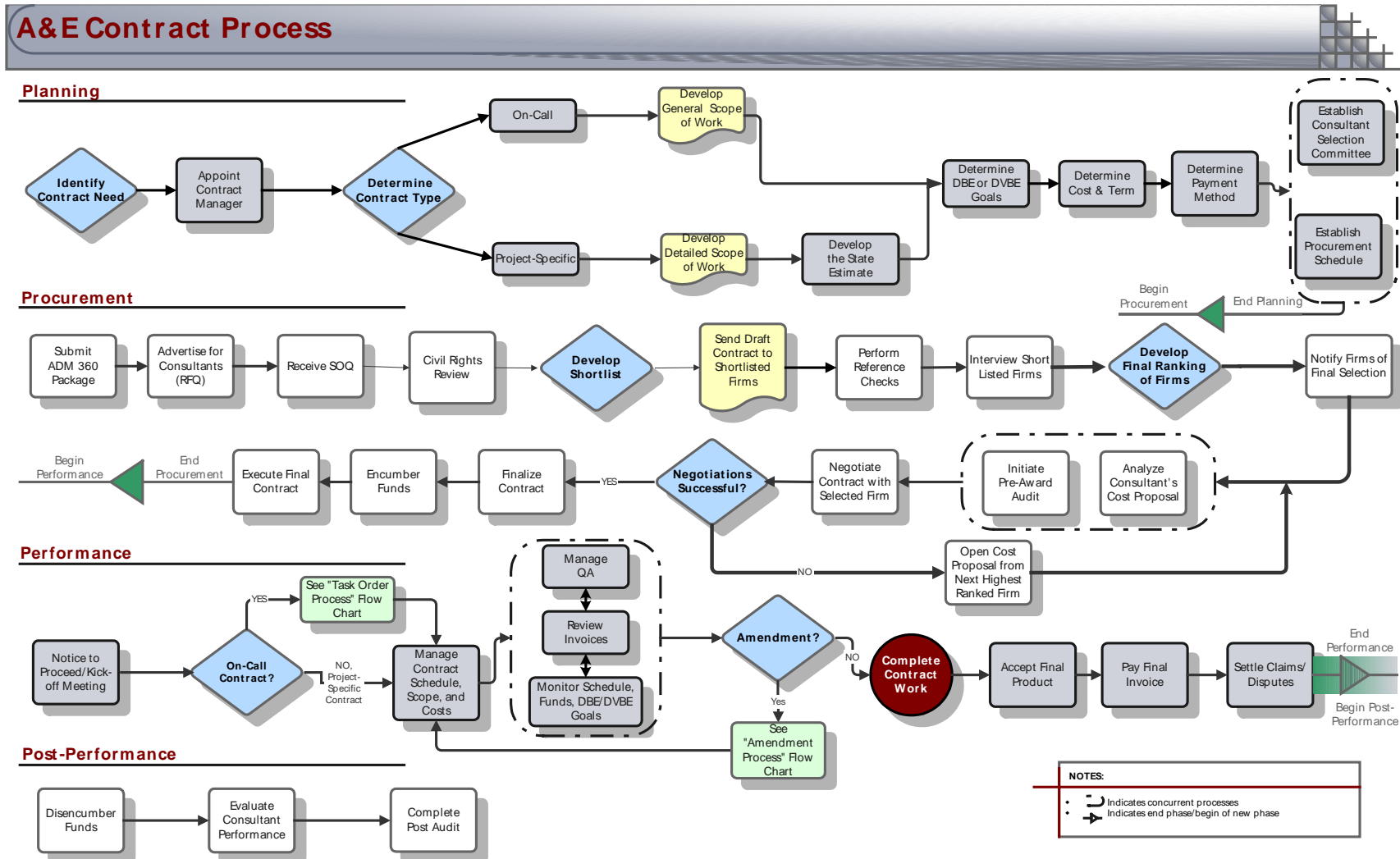


Figure 1. A&E contract process flowchart



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## CONTRACT PLANNING

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This chapter describes how the Department begins the contract process.

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## Identifying Contract Needs

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The headquarters Division of Project Management reviews the Statewide capital workload created by the individual project workplans and then develops a plan to resource that workload. This overall plan includes an analysis of what can be accomplished by:

- ▶ Using existing Department staff
  - In regular time
  - In overtime
- ▶ Hiring new Department employees

During the annual budget process the plan is refined in a cooperative and iterative process with the headquarters (HQ) Division of Budgets; Department Directorate; the Business, Transportation, and Housing Agency; the Department of Finance; and the Legislature. After the Governor signs the State budget, each district receives an annual allocation of human resources to meet the workload on its approved projects. The allocation consists of:

- ▶ Department staff (regular and overtime) from that district
- ▶ "Brokered" Department staff (regular and overtime) from another district
- ▶ Project delivery consultant services (for project work beyond the capacity of Department staff)

The consultant services allocation provides funds for work performed by:

- ▶ Local agencies, under cooperative agreements
- ▶ Other government agencies, under interagency agreements
- ▶ Private firms

Work by private firms consists of:

- ▶ Architectural and Engineering (A&E) work
- ▶ Other work by private firms

A&E work is defined in *Government Code 4529.10*:

For purposes of Article XXII of the California Constitution and this act, the term *architectural and engineering services* shall include all architectural, landscape architectural, environmental, engineering, land surveying, and construction project management services.

A&E work includes:

- ▶ Professional services, procured through qualification-based selection (*Government Code 4526*)
- ▶ Technical services, procured through price-based bids (*Government Code 4529*)

Consultant contracts may be:

- ▶ On-call contracts – the Department hires consultants to assist functional units with their peak workloads. Functional managers provide direction to consultants on on-call contracts. (See “On-Call Contracts” on page 9.)
- ▶ Project-specific contracts – all or most of a project component is contracted-out. Project managers provide direction to consultants on project-specific contracts. (See “Project-Specific Contracts” on page 10.)

Using their own contract processes, other local and government agencies sometimes hire private consultants to assist with their work. This handbook only discusses contracts for A&E consultants procured by the Department through qualifications-based selection.

District management, under the leadership of the Deputy District Director for Program and Project Management, determines how to distribute resources across functional units to accomplish the authorized work.

The Capital Outlay Support Tracking (COST) report, submitted and updated by the districts, contains all current and proposed contracts for consultant services to be funded from the Capital Outlay Support program. There are seven categories of consultant services:

- ▶ Project delivery consultant services (object code 232)
- ▶ Interdepartmental agreements that are not for project delivery (object code 032)
- ▶ Hazardous waste consultants (object code 332)
- ▶ Student assistants (object code 532)
- ▶ Telecommunications contracts that are not for project delivery (object code 632)
- ▶ Information technology contracts that are not for project delivery (object code 732)
- ▶ Other contracts and cooperative agreements that are not for project delivery (object code 132)



For more information about object codes, see this intranet site: [http://adsc.caltrans.ca.gov/ASC/CodingManuals/chapter\\_05/index.htm](http://adsc.caltrans.ca.gov/ASC/CodingManuals/chapter_05/index.htm)

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## Appointing the Contract Manager

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To learn how the CSUs are put together, see PMD 008, available on the DPAC Intranet site.

For each contract, the Chief of the district Consultant Services Unit (CSU) or HQ Division appoints a contract manager (CM) from the district CSU or HQ Division, respectively. The CM is responsible for the administration and quality of contract products or services, and should be involved from contract initiation to contract closeout.

Among other things, the CM:

- ▶ Provides information required in the *Service Contract Request (ADM 360)*, such as a detailed scope of work, funding information, etc.
- ▶ Coordinates the selection of panel members to evaluate and rank consultants for selection
- ▶ Reviews and evaluates contract documents
- ▶ Issues a notice to proceed to the consultant
- ▶ Serves as the consultant's primary contact person within the Department
- ▶ Develops/manages a contract schedule, scope, and cost for performance of work and completion of the project
- ▶ Coordinates the reviews of the consultant's work and provides direction
- ▶ Reviews and approves the consultant's progress payments
- ▶ Ensures that the consultant meets the contract disadvantaged business enterprise (DBE) or disabled veteran owned business enterprise (DVBE) goals (for details, see "Determining DBE or DVBE Goals" on page 14)
- ▶ Prepares periodic performance reports and discusses these reports with the consultant
- ▶ Closes out the contract
- ▶ For project-specific contracts, arranges for preparation of an independent, confidential estimate of the value of work, and an analysis of the selected consultant's cost proposal

If the CM is from the district functional unit, he/she coordinates all contracting activities with the Chief of the district CSU.



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## Determining the Contract Type

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Department CMs arrange for consultant services through two types of contracts:

- ▶ On-call
- ▶ Project-specific

### On-Call Contracts

The CM uses this type of contract and subsequent task orders when:

- ▶ In-house functional resources are inadequate to handle the anticipated workload or specific activity.
- ▶ The project manager knows the general types of products or services needed, but circumstances prevent the CM from setting a definitive location or timetable for work to begin. Using an on-call contract allows him/her the flexibility to utilize contract services on an as-needed basis.
- ▶ The scope of work is defined at Work Breakdown Structure (WBS) Level 6 or lower.
- ▶ All products and services can be completed in a relatively short time (approximately three years after contract execution). A single task order may be written for both product and services if certain criteria are met.



*"WBS Level 6 or lower" means lower on the WBS pyramid, not lower in number.*

### Task Orders for Products

The CM issues task orders for products when:

- ▶ The consultant will provide a specific deliverable product (biological study reports, hydraulic reports, etc.).
- ▶ The scope of work is defined at WBS Level 6 or lower.

For more information about task orders, see "Appendix A - Task Orders" on page 48.

### Task Orders for Services

The CM issues task orders for services when:

- ▶ The consultant will provide services (survey crews, materials testers, construction inspectors, etc.).
- ▶ The consultant is supplementing Department staff.

- ▶ The scope of work is defined at WBS Level 5 or lower.

For some services, task orders may need to be quite broad. When contracting for construction inspection, for example, a broad task order may be required to provide services for the term of multiple construction projects. This broad task order helps ensure the availability of the inspectors on specific projects. It also contributes to the efficient and effective use of the consultant staff by providing the flexibility to shift them among the most active projects.

### **Project-Specific Contracts**

The CM uses this type of contract when the project can be specifically defined.

Project-specific contracts fit into the following categories:

- ▶ Single-component contracts
- ▶ Multi-component contracts
- ▶ Task-order-driven contracts

#### **Single-Component Contracts**

The CM uses this type of contract when:

- ▶ The consultant provides a specific, single product (environmental document or wetland delineation survey, etc.).
- ▶ The scope of work is defined at WBS Level 6 or lower.
- ▶ All products can be completed in a relatively short time (approximately three years after contract execution).

#### **Multi-Component Contracts**

The CM uses this type of contract when:

- ▶ An entire project is contracted out.
- ▶ The consultant provides specific, multiple products (environmental documents and PS&E, etc.).
- ▶ The scope of work is defined for the first component of work (WBS Level 6 or lower) but is not yet well defined for subsequent component(s) of work.
- ▶ The scope of the subsequent component(s) of work will be defined at WBS Level 7 or lower upon or near completion of the first component of work.

**Task-Order-Driven Contracts**

The CM uses this type of contract when:

- ▶ A specific project has been identified.
- ▶ The detailed tasks are defined but are contingent on external factors that won't be identified until some of the tasks have already been completed.

Typically, an environmental contract is one example of this type of contract.

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## Developing the Scope of Work

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The district CSU is responsible for managing the delivery of its district's A&E contracts. Once the CM or functional unit manager identifies contract services, the district CSU coordinates the development of the scope of work. The scope of work must identify the types of services or products required and the deliverables expected from the consultant.

The CM consults with the Division of Procurement and Contracts (DPAC) A&E coordinator during the development of the scope of work. The A&E coordinator reviews, approves, and provides guidance to ensure that the scope of work meets A&E contract regulations and standards. This review, and the resulting scope approval, helps avoid delays in the procurement process.

### General Scope

For on-call contracts, the CM prepares a more general scope of work without limiting his/her ability to issue a task order. Department personnel can access a sample scope of work on the intranet at:

[http://pd.dot.ca.gov/pd\\_ae\\_sow.asp](http://pd.dot.ca.gov/pd_ae_sow.asp).

For instance, in an on-call surveying contract for an entire district, the scope of work should not define the exact project site and routes where the work may occur. Thus, the CM could write and negotiate a task order for any particular post mile and route within that district.

### Detailed Scope

In a project-specific contract, the detailed scope of work provides the basis for the consultant's cost proposal and for the negotiations between the State and the consultant.

The detailed scope of work, as negotiated with the consultant, becomes a part of the final contract. The scope of work must include a list of the products or services that the consultant must deliver and a milestone schedule that describes when the consultant must deliver them.

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## Developing the State Estimate

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Different types of contracts require a different approach to the State estimate of the value of the contracted work.

### **On-Call Contracts**

An on-call contract does not require an estimate of services until the CM develops individual task orders. During the contract planning component, mentioned in "Identifying Contract Needs" on page 6, the district CSUs and HQ divisions identify contract needs and allocate a contract dollar amount for each proposed contract.

However, the CM estimates the budget for the contract duration, and includes the contract amount in the *ADM 360* package.

### **Project-Specific Contracts**

A project-specific contract requires the CM to develop a detailed estimate of the cost of the work. The CM, with the assistance of the functional manager and/or project manager, bases this estimate primarily on the hours necessary to complete the project.

The CM in conjunction with the functional units develops the estimate for the whole project by:

- ▶ Breaking the scope of work into its component parts or milestones
- ▶ Estimating the hours of each part/milestone
- ▶ Applying the hourly rates plus other direct costs and fee (profit)
- ▶ Creating a summary sheet with a total estimated cost



*Keep the State estimate confidential.*

The CM develops the State estimate and a work schedule based on the scope of work. The CM seeks assistance from the Department project manager and functional units with specialized knowledge of the work components. If the contract involves several projects, the CM prepares separate estimates for each project, and a summary of the total estimated value of the services the consultant will provide.

The greatest cost of a consultant contract is the direct labor, including fringe benefits and overhead. Therefore, the State estimate is only as accurate as the estimate of the number of direct labor hours required for the project.

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## Determining DBE or DVBE Goals

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The federal and State governments require federal and State agencies to hire certain amounts of disadvantaged business enterprises (DBE) and disabled veteran owned business enterprises (DVBE). These amounts are percentage goals.

Public agencies receiving federal funds must comply with DBE requirements. Similarly, consultant contracts receiving only State funds must meet the State-mandated 3% DVBE goal.

The Department's statewide DBE program goal may vary from year to year. Individual DBE contract goals also vary. The DVBE goal has not changed since it was legislatively established and the Department does not adjust the 3% goal for individual state-funded contracts. Therefore, it is critical that the CM remain aware of the funding sources identified in the COST report so that he/she can set the proper goal for each contract.



*The CM takes geography into account. For example, Bay Area projects might have higher DBE goals than projects in a smaller, less populated area.*

*DPAC can provide assistance on goals for similar types of contracts.*

The CM determines the DBE goal for consultant contracts. The DBE goal percentage to be assigned to a contract will be based on the types of funds and information provided in the subcontractable items of work in the scope of services. Generally, the consultant must use more DBE subcontractors as the number of subcontractable items increases.

If the contract request contains no DBE or DVBE goals, the CM must obtain approval from the Office of Civil Rights.

As part of the statement of qualifications (SOQ), the consultant must demonstrate how the DBE or DVBE goal will be met as specified in the RFQ. The consultant shall submit with their SOQ *Form ADM 227S DVBE Participation Goals and Verification* or *Form ADM 227F DBE Bidder/Proposer DBE Information* listing their proposed DBE/DVBE consultants.

If a subconsultant needs to be replaced after contract execution, the consultant must replace a DBE or DVBE subconsultant with another DBE or DVBE subconsultant (or make a good faith effort) in order to meet the goal. The consultant must document all good faith efforts, using, for example, a log of letters and phone calls to potential subconsultants.

Consultants can use *Form ADM 0312S DVBE Good Faith Effort Documentation* or *ADM 0312f DBE Good Faith Effort Information* to document their efforts and present them to the Department to justify why the DBE/DVBE goal was not met. See <http://caltrans-opac.ca.gov/aeinfo.htm>.

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## Determining the Cost and Term

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The CM, with assistance from other functional units, will determine the cost and term of a contract by analyzing:

- ▶ The State estimate (for project-specific contracts)
- ▶ The resource requirements (labor hours for project-specific contracts)
- ▶ The contract schedule (for project-specific contracts) or duration (for on-call contracts)
- ▶ The products, services, and deliverables
- ▶ The classification and experience level of personnel to be assigned
- ▶ The cost items, fee, and payment

For a typical contract, the term should not exceed three years. If it does, a new contract is required to continue the same type of services. The procurement process for the new contract should start at the beginning of the last year of the existing contract.

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## Determining the Payment Method

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After the CM identifies the contract type (on-call or project-specific), he/she determines the appropriate payment method:

- ▶ Specific rates of compensation (SROC)
- ▶ Firm fixed price (FFP)
- ▶ Actual cost plus fixed fee (ACPPF)
- ▶ Cost per unit of work

### Specific Rates of Compensation

SROC is often referred to as time and materials. CMs use this method of payment for service-related task orders. For each hour worked, the consultant staff is reimbursed at a loaded rate that combines wages, overhead, benefits, and profit.

The CM, after approving the consultant invoices, reimburses the other direct costs identified in the task order (reproduction, vehicles, etc.), as the consultant incurs them and at the rates stated in the contract cost proposal.

This payment method is recommended for on-call contracts (task orders for services or products).

### Firm Fixed Price

FFP is casually referred to as lump sum (LS), but FFP is the official term. FFP contracts allow progress payments, whereas LS contracts only allow payment upon receipt of a deliverable.



*CMs only use this payment method if the scope of work is well defined.*

The negotiated FFP is the total amount the consultant is paid upon completion and acceptance of all product deliverables. Progress payments are based on the percentage of completed contract milestones accepted by the CM.

This payment method could be used for all contract types with a well-defined scope of work, typically for project specific contracts.

### Actual Cost Plus Fixed Fee

The consultant is reimbursed for actual costs incurred and receives an additional predetermined amount as a fixed fee.



The fixed fee is not adjustable for the life of the contract except where there is a significant change in the scope of the work, in which case the fee may be re-negotiated. For details, see "Appendix B - Amendments" on page 56.



*This payment method is rarely used. The CM should consult with DPAC prior to submitting the ADM 360 package.*

This method of payment is appropriate when the extent, scope, complexity, character, or duration of work is indeterminable at the time of negotiations. It also is appropriate when the work is such that the State lacks the experience or knowledge needed to evaluate the consultant's proposal and to support an FFP amount.

This payment method could be used for all contract types.

### **Cost Per Unit of Work**



*This payment method is rarely used. The CM should consult with DPAC prior to submitting the ADM 360 package.*

CMS use cost per unit of work when the consultant is paid for the amount of work performed.

The CM uses this method when the cost per unit of work can be determined with reasonable accuracy in advance of work performed. However, the extent of work is indefinite.

This payment method is recommended for on-call contracts (task orders for services).

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## Establishing the Consultant Selection Committee

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The CM establishes the consultant selection committee before submitting the *Service Contract Request (ADM 360)* to DPAC. The CM prepares a consultant selection committee participation memo nominating each committee member, and submits these memos with the *ADM 360* documentation. Department personnel can access a sample memo and instructions for consultant selection committee participation on the intranet at:  
<http://admin.dot.ca.gov/pc/aesched.shtml>.

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## Establishing the Procurement Schedule

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The contract procurement schedule is a series of events that must occur between submittal of an *ADM 360* package and final execution of the contract. The CM electronically submits the *ADM 360* package, as scheduled, to DPAC in order to ensure that all steps of the procurement process are completed by the anticipated/required start date for the contract work.

The CM develops a proposed contract procurement schedule and identifies a target execution date. After the *ADM 360* is submitted to DPAC and assigned to a contract analyst, the procurement schedule is finalized. The DPAC contract analyst usually is not involved before this submittal. For details about the *ADM 360*, see "Submitting the *ADM 360* Package" on page 22.

Department personnel can access the template for the procurement schedule on the intranet at:  
**<http://admin.dot.ca.gov/pc/aesched.shtml>**.



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## CONTRACT PROCUREMENT

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This chapter describes how the Department obtains a contract with a selected consultant.

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## Submitting the ADM 360 Package

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The CM completes a *Service Contract Request (ADM 360)* package and submits it electronically to DPAC for processing. The email address is ***ae\_contract\_submittal@dot.ca.gov***. The CM also sends a copy to the Division of Project Management, who checks to see if the correct amount of funding is already allocated in the COST report.

The *ADM 360* package includes the following information:

- ▶ A completed *ADM 360* form (e-*ADM 360* is available to Department personnel on the intranet at:  
***http://admin.dot.ca.gov/pc/aesched.shtml***)
- ▶ A general scope of work and/or a detailed scope of work
- ▶ A proposed contract schedule
- ▶ The types of funds and availability of funds for the programmed fiscal year (see the COST report)
- ▶ A memorandum to the Chief of DPAC recommending consultant selection committee
- ▶ All of the appropriate electronic approvals (including funding verification from Division of Project Management, etc.)

Department personnel can access routing and approval instructions on the intranet at:  
***http://admin.dot.ca.gov/pc/aesched.shtml***.

Upon receipt of these documents, the DPAC contract analyst officially begins the process to procure an A&E contract. Incomplete requests (for example, requests with missing or incomplete mandatory forms) are returned to the CM. If the scope of work requires major revisions, DPAC cancels the procurement process. Then, the CM must revise the scope of work and DPAC redevelops the request for qualifications (RFQ). The procurement process starts over again.

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## Selecting the Top Firm

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The Department must choose one firm with which to begin contract negotiations. This selection process is governed by State and federal regulations and begins with solicitation for services.

### **Advertising for Consultants**

After the CM reviews and approves the RFQ, DPAC advertises the availability of the RFQ on the Department of General Services (DGS) (<https://www.cscr.dgs.ca.gov/cscr/>) and Department (<http://caltrans-opac.ca.gov/architec.htm>) websites and with the appropriate professional societies. The RFQ must explicitly describe the needs of the contract so that potential consultants can propose an appropriate team.

DPAC usually allows four weeks between the time the advertisement is posted and the time that the SOQs must be submitted. More time may be allowed for very complex contracts or projects.

### **Receiving Statements of Qualifications**

The contract analyst receives and distributes responsive SOQs to the consultant selection committee for review and evaluation. DPAC determines if the submittal is responsive. DPAC rejects non-responsive qualification packages. Non-responsive qualification packages include, for example, late submittals, submittals to the wrong location, submittals with inadequate copies, and non-submittal of required information.

### **Developing the Shortlist**

Each member of the consultant selection committee must independently evaluate each proposal in terms of the technical criteria listed in the RFQ. The committee members use *Form ADM 2027 Architectural & Engineering (A&E) Consultant Evaluation Form Initial Evaluation (for Short Listing)*. The consultant selection committee members submit their scores to DPAC. DPAC compiles the final scores.

After the consultant selection committee reviews, approves, and tabulates consultant scores, the committee creates a ranked listing (shortlist) of firms. Typically, the committee interviews the top three firms to determine the top-ranked firm for the contract.

### Completing the Civil Rights Review

The Office of Civil Rights verifies the DBE or DVBE documentation. For details about DBE or DVBE goals, see page 14.

If the consultant has not fulfilled the advertised DBE or DVBE participation percentage and does not provide a good-faith effort to do so, he/she will be rejected.

### Sending the Draft Contract to Shortlisted Firms

The contract analyst sends:

- ▶ An alphabetical list of the shortlisted firms to all consultants who submitted a responsive SOQ
- ▶ A draft contract including the scope of work, and a sample cost proposal form to each shortlisted firm and an interview date allowing one week for their preparation.

### Performing Reference Checks

Prior to conducting interviews, the CM or CSU checks the references of each of the shortlisted firms. The firms provide references as part of the SOQ. The CM shares the findings from the reference checks with the selection committee.

To ensure that contract deliverables are on time and within budget, reference checks may include questions about the consultant's past performance and responsiveness on projects.

Department personnel can access reference check questions and procedures guide *Consultant Reference Check* on the intranet at: <http://admin.dot.ca.gov/pc/aesched.shtml>.

### Interviewing the Shortlisted Firms

The contract analyst coordinates with the CM to:

- ▶ Schedule consultant interviews
- ▶ Review and approve structured interview questions prepared by the consultant selection committee
- ▶ Invite Department interview panel members
- ▶ Facilitate or act as a chairperson during the interview

Interview participants may include:

- ▶ DPAC chairperson, a non-voting member
- ▶ CM (mandatory participant)
- ▶ Members of the consultant selection committee
- ▶ CSU Chief (Observer)



Interviews are structured and conducted in a formal manner. Each consultant makes a presentation as to how the consultant team proposes to perform the contract work.

The CM should prepare the interview questions in advance with assistance from members of the consultant selection committee. The CM submits the interview questions to DPAC for approval. Two types of questions may be asked:

- ▶ The same structured questions asked of each consultant
- ▶ Follow-up questions specific to each consultant, based upon the reference checks and the strengths and weaknesses identified during evaluation of that consultant's SOQ

The project team, including the prime consultant's project manager, must attend the interviews.

For on-call contracts, the Department requests that each shortlisted firm submit a sealed cost proposal at the interview.

For project-specific contracts, the top-ranked firm submits its cost proposal within 10 days of receipt of selection notification.

### **Developing the Final Rankings**

Following the interviews, each selection committee member independently scores each shortlisted firm, then develops a final ranking of the most qualified consultants. Committee members use *Form ADM 2028 Architectural & Engineering (A&E) Consultant Evaluation Form, Final Evaluation*. For debriefing, the committee will document the strength and weaknesses of each consultant.

### **Notifying Firms of Final Selection**

DPAC notifies all shortlisted firms, in writing, of the final rankings. This notification will disclose the ranking order.

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## Analyzing the Consultant's Cost Proposal

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For project-specific contracts, the CM, with the assistance of applicable functional managers, analyzes the consultant cost proposal against the State estimate completed for the *ADM 360* package.

For on-call contracts, the CM verifies that the personnel listed in the cost proposal are in the SOQ, that hourly rates are calculated correctly, and that other direct costs appear reasonable. The CM compares the fee proposed by the consultant against recently negotiated contracts with similar scope and terms.

The contract analyst schedules a pre-negotiations meeting with both the CM and negotiations chair after the top-ranked firm has been selected. At this meeting, the negotiations chair reviews and recommends changes to the consultant's cost proposal, and assists the CM in establishing a negotiation position. The A&E coordinator chairs most contract negotiations, so it is important that he/she establishes a position from which to negotiate.

---

## Initiating the Pre-Award Audit

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After the committee selects the top-ranked firm, DPAC forwards the consultant cost proposal to the Division of Audits and Investigations.

While the CM analyzes the consultant's cost proposal and prepares a negotiation position, Audits determines the level of effort for the pre-award audit for each consultant services contract, based on contract dollars, prior consultant audits, subconsultants, etc. Objectives of the audit are to review and evaluate the consultant's:

- ▶ Salaries (includes hourly rates)
- ▶ Direct and indirect billing rates
- ▶ Estimating system
- ▶ Cost accounting system

The CM incorporates audit results and recommendations into the contract cost proposal. In cases where the CM decides not to incorporate the audit results, the CM provides Audits and DPAC with a written explanation.

If the time needed to perform a pre-award audit jeopardizes the Department's ability to deliver the project, the CM may consider requesting a post-award audit from Audits. The CM asks DPAC to process a post-award audit request through Audits.

The criteria for requesting a post-award audit are based on the following conditions:

- ▶ The contract is for seismic retrofit work, as authorized under the Governor's Emergency Order.
- ▶ The contract is for emergency work other than seismic retrofit.
- ▶ Immediate execution of the contract is required to address urgent public safety needs.
- ▶ Immediate execution of the contract is required to prevent a loss of funding.

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## Negotiating the Contract

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After analyzing the cost proposal from the top-ranked consultant, DPAC negotiates a contract with that consultant. Negotiations should begin promptly after the successful firm is notified of its selection. The goal of negotiations is to agree on a final contract and cost proposal that will deliver the services or products at a fair and reasonable cost to the Department. At minimum, the State negotiations team consists of a DPAC-assigned chairperson and the CM.

The contract analyst:

- ▶ Schedules a pre-negotiations meeting between the CM and the negotiations chairperson
- ▶ Schedules the time and place for the negotiation session
- ▶ Coordinates changes to the draft contract and the cost proposal after negotiations are complete

The negotiations chair:

- ▶ Conducts a pre-negotiations meeting with the CM regarding consultant personnel proposed, other indirect costs, fee, etc.
- ▶ Chairs the negotiation session (reviews and recommends changes to the cost proposal; answers contract-related questions; negotiates other direct costs, fee, and annual salary escalations, etc.)

The CM:

- ▶ Reviews and recommends changes to the consultant's cost proposal during pre-negotiations meeting
- ▶ Assists chairperson in the negotiation session
- ▶ Reviews cost proposal changes after negotiations



*The consultant must submit a revised cost proposal within ten days after negotiations.*

Items negotiated typically include:

- ▶ Direct cost items, annual salary increases, and fee
- ▶ Classification and experience level of personnel to be assigned

For FFP cost proposals, the additional items to be negotiated include:

- ▶ Schedule (hours and quantities)
- ▶ Products to be delivered under milestones established



*At the negotiation session, the consultant typically submits a proof of insurance.*

If the negotiations team cannot reach an agreement with the top-ranked consultant, the team terminates the negotiations. New negotiations begin with the consultant ranked next highest. This process is repeated until a contract is successfully negotiated.

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## Finalizing the Contract

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After negotiations are successfully completed, the contract analyst:



*The CM approves the final negotiated contract.*

- ▶ Develops and processes the final contract
- ▶ Ensures that the contract is complete and the consultant provides all attachments such as cost proposal, insurance documents, etc.
- ▶ Sends the contract to the consultant for signature prior to Department signatures and final approval of the contract

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## Encumbering Funds

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The Chief of the district CSU ensures that the "Fund Split" columns in the COST report reflect the estimated fund split for each existing and proposed contract.

The CM verifies that the funding information shown in *ADM 360* matches the appropriate encumbrance expenditure authorization (EA) and subjob(s) required for the funding. *Project Management Directive (PMD) 009, Encumbrance EAs for On-call Contracts* explains this process.

To encumber the funds, the Office of Accounts Payable:

Step	Action
1	Receives form Std. 215 (the certified contract transmittal form which provides details of expenditure authorization) from DPAC, typically includes <i>ADM 2048 Contract Encumbrance Distribution</i>
2	Certifies funding shown on the Std. 215 using the encumbrance EA and subjob(s) supplied on the Std. 215
3	Returns the certified contract (Std. 215) to DPAC
4	Encumbers funds based upon the certification shown in Std. 215 and ADM 2048 form

For information on disencumbering funds, see "Disencumbering Funds" on page 44.

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## Executing the Final Contract

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A contract is fully executed when all appropriate parties (the consultant, DPAC, DGS) have signed it, and all funds have been encumbered. Copies of the executed contract are distributed to the consultant, CM, and Accounting. DGS keeps a copy for their files and forwards a copy to the State Controller's Office. DPAC retains electronic copies of the contract information in their files.

After the contract has been executed, the CM or designated member of the consultant selection committee provides, upon request, a debriefing for all shortlisted firms. Department personnel can access debriefing guidelines (contained in "A&E Standards and Procedures for Initial and Final Evaluation/Scoring") at:  
<http://admin.dot.ca.gov/pc/aesched.shtml>.



# ◀◀ 4 ▶▶

## CONTRACT PERFORMANCE

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This chapter describes how the Department manages and oversees contract work.

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## Issuing the Notice to Proceed

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*The Department does not reimburse the consultant for any costs he/she incurs before receiving a notice to proceed.*

The CM notifies the consultant when the contract is fully executed and issues a written notice to proceed with contract work.

After the contract is fully executed and the consultant receives a notice to proceed, the CM schedules a kick off meeting with all parties involved:

- ▶ Consultant and subconsultants
- ▶ CM
- ▶ Department functional units
- ▶ The district CSU representative
- ▶ District Labor Compliance Units

The purpose of the kick-off meeting is to:

- ▶ Ensure an awareness of project requirements by all parties involved
- ▶ Ensure an awareness of DBE or DVBE goals for the contract
- ▶ Obtain agreement on the schedule
- ▶ Identify issues early in the process before they cause problems
- ▶ Review critical tasks
- ▶ Develop procedures for consultant activities
- ▶ Begin development of Task Orders

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## Managing the Schedule, Scope, and Cost

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*For on-call contracts, the CM develops and issues task orders to consultants (for details, see "Appendix A - Task Orders" on page 48).*

Project work may begin immediately after the contract execution. Thereafter, the CM manages and administers the contract to ensure that a complete and acceptable product is received on time, within standards, and within budget.

Contract management activities include:

- ▶ Coordinating Department and consultant activities, including task order development, negotiations and management
- ▶ Managing quality assurance (QA) through quality control (QC) established by the consultant and project/functional managers
- ▶ Reviewing invoices
- ▶ Monitoring the schedule and funds
- ▶ Monitoring DBE or DVBE usage for goal attainment

### **Coordinating Department and Consultant Activities**

Proper and effective coordination between Department personnel and the consultant improves the prospect for receiving a quality product on time and within budget.

The CM seeks assistance from Department functional units as soon as the project has been identified for contracting out. Their expertise is invaluable in developing the scope of work, schedule, and State estimate.

The CM provides (to all functional units involved):

- ▶ Initial and updated schedules
- ▶ Contract administration
- ▶ QA guidelines established by project/functional managers

Interaction between functional units and the consultant needs to be determined cooperatively by the CM and individual functional units.

### **Managing QA**

The Department maintains the integrity of the State highway system, assuring a level of consistency in safety and operating conditions. State highway projects that are designed or administered by consultants become part of the State highway system. The responsibility for maintenance, operation, and liability will remain with the Department throughout the life of the facility.

The Department requires that, prior to the start of work, the consultant submits a QC plan that identifies the QC methodology, personnel responsible for ensuring quality, etc.

QA consists of activities performed by the Department to ensure that work performed by others on the State highway system conforms to Department standards and practices. The basic elements of QA are:

- ▶ Ongoing review or periodic checks of consultant work
- ▶ Technical review or periodic checks of project deliverables at milestone intervals
- ▶ Periodic meetings to discuss progress, issues, and next actions
- ▶ On-site visits to the consultant's office

All components of project development, from project initiation through permits and environmental studies, right of way certification, PS&E, and construction, require some degree of oversight activity.

## **Reviewing Invoices**

The CM reviews and approves consultant invoices. After receiving a consultant invoice, the CM, with the assistance of the functional units, checks for:

- ▶ The appropriateness of charges and reimbursements
- ▶ Proper accounting and payment procedures, including the addition of new personnel and subcontractors
- ▶ Mathematical accuracy and technical reasonableness
- ▶ Appropriate documentation to support charges in the contract files
- ▶ Consultant compliance with DBE or DVBE usage
- ▶ Adherence to all prevailing wage and labor compliance requirements

The CM must notify and instruct the consultant to make any necessary changes to the invoice that is incorrect. The CM shall make every effort to resolve any disputed items in the invoice.

When the CM approves the undisputed portion of the invoice, he/she must submit it to Accounting for payment no later than 15 calendar days of receipt of the completed invoice. To avoid an interest penalty, the State must pay the consultant within 45 calendar days of the CM's receipt of said invoice.

**For FFP Cost Proposals**

Invoice review also determines if the consultant's estimate of the percentage of work completed is appropriate, and if the pro rata portion of the fee charged on the invoice is proportionate with the work completed.

**Monitoring the Schedule and Funds**

It is necessary to ensure that projects are delivered on time and within budget.

To determine the status of the contract and available funds, the CM keeps a running tally, by milestone, of charges and costs. The tally tracks:

- ▶ Both estimated and actual hours worked
- ▶ Other direct costs
- ▶ Charges and hours worked by subcontractors
- ▶ Overhead charges
- ▶ Fringe benefit charges
- ▶ Fixed-fee charges
- ▶ Prompt payment discounts/penalties
- ▶ DBE or DVBE usage

Each contract has an allocated and specified maximum contract dollar amount that the CM is authorized to spend. The CM may exceed the estimated expenses for specific task orders on specific milestones within the contract. However, the CM cannot exceed the total contract amount without an approved contract amendment.

**Monitoring DBE or DVBE Goals**

The CM verifies that the consultant meets the DBE or DVBE goals throughout the life of the contract. If for some reason the consultant has not adequately met the goals, the consultant must demonstrate he/she is working in good faith to meet the goals. The CM confirms whether or not the consultant is working in good faith. For more information, see "Determining DBE or DVBE Goals" on page 14.

**Amending the Contract**

Unanticipated events may result from decisions made in the oversight or administration of the contract, necessitating an amendment to the contract. The CM does not use an amendment to materially alter the scope of work; a major change requires a new contract.

In most cases, an amendment must utilize the same procedures and be processed through the same internal and external approvals as the original contract. For details about contract amendments, see "Appendix B - Amendments" on page 54.

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## Completing the Contract Work

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The CM closes-out the contract promptly after the consultant completes contract services. The Department considers the contract complete when:

- ▶ The consultant satisfactorily completes all contract deliverables and transmits them to the Department.
- ▶ The CM reviews the invoices and agrees upon the final contract expenditures.
- ▶ Accounting processes the final contract payment.



*The contract cannot be closed out until the CM accepts the consultant's final product.*

If the CM does not accept the consultant's work, the consultant may have to redo the work at his/her own cost until it is acceptable.

The CM coordinates with the related functional units to ensure the consultant's final product is consistent with the scope of work and that it meets all requirements set by related standards, policies, and procedures.

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## Paying the Final Invoice

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The consultant must submit the final invoice to the CM in a timely manner, in accordance with the terms of the "Compensation and Payments" article of the signed contract. Before the release of the final payment to the consultant, the CM must verify receipt and accept all deliverables. Upon assurance that all project files and other deliverables have been received, reviewed, and accepted by the State, the CM notifies Accounting of final contract payment to the consultant and disencumbers any remaining funds.



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## Settling Claims/Disputes

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Disputes can arise at any point during the course of a contract. If the CM and the consultant cannot resolve the dispute, the dispute can become a claim. Claims may be handled during or at the end of contract work so that work progress is not disrupted. The claim/dispute (other than audit) resolution process and procedure are specified in the contract.

Consultants can file claims according to the terms specified in the contract.



# « 5 »

## CONTRACT POST - PERFORMANCE

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This chapter describes what the Department does after the end of a contract.

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## Disencumbering Funds

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Occasionally, funds for a contract are left over after making final payment to the consultant. These funds must be disencumbered – essentially allowing unused contract funds to be used for other projects.

The CM must contact Accounting and report any unused funds after final payment. Accounting then puts the funds back into the appropriate “pool” of funds. Because the funds are no longer reserved for the completed contract, they are available for future projects and contracts.

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## Evaluating Consultant Performance

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This evaluation is **mandatory**; it may be used for consultant selection for future projects.

The CM is encouraged to conduct interim performance evaluations with the consultant during the life of the contract.

The CM submits to DPAC the *ADM 2031 - A&E Consultant Evaluation Form* within one month after approval of the consultant's final invoice.

The form is used to evaluate the consultant's performance. The evaluation includes assessments of the consultant's communications, deliverables, billings, personnel, and DBE or DVBE participation. The CM sends a copy of the completed evaluation report directly to the consultant. The consultant has 15 business days from the date of the evaluation to provide written comments directly back to the CM. The CM sends a copy of the evaluation report and corresponding consultant's comments to DPAC.

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## Completing the Post Audit

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At the discretion of the Division of Audits and Investigations, or at the request of the CM, a post audit is performed to determine whether the costs claimed are allowable, allocable, reasonable, and in compliance with federal and State laws and regulations, as well as the fiscal provisions stipulated in the contract. The audit includes reviews of the applicable laws and regulations, the contract requirements, and the consultant's system of internal controls. If there are discrepancies, the CM may ask the consultant to reimburse funds deemed unallowable by Audits.



# APPENDICES

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These appendices describe optional/extra steps in the Department contract process.

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## Appendix A - Task Orders

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*In most cases, the task order manager is the functional manager. The role of task order manager sometimes falls to the CM, especially for district-level contracts. For HQ's contracts, the CM is in HQ and the task order manager is in the district.*

A task order is like a subcontract of the "master" on-call contract with the exception that the scope of work is more clearly defined. The scope of work for the task order must be within the scope outlined in the master contract and all terms of the master contract are in force for each and every task order. Details about the task order process are available in the Department Contract Management, Task Order Development Procedures module located on the DPAC intranet at:

**<http://admin.dot.ca.gov/pc/aesched.shtml>**.



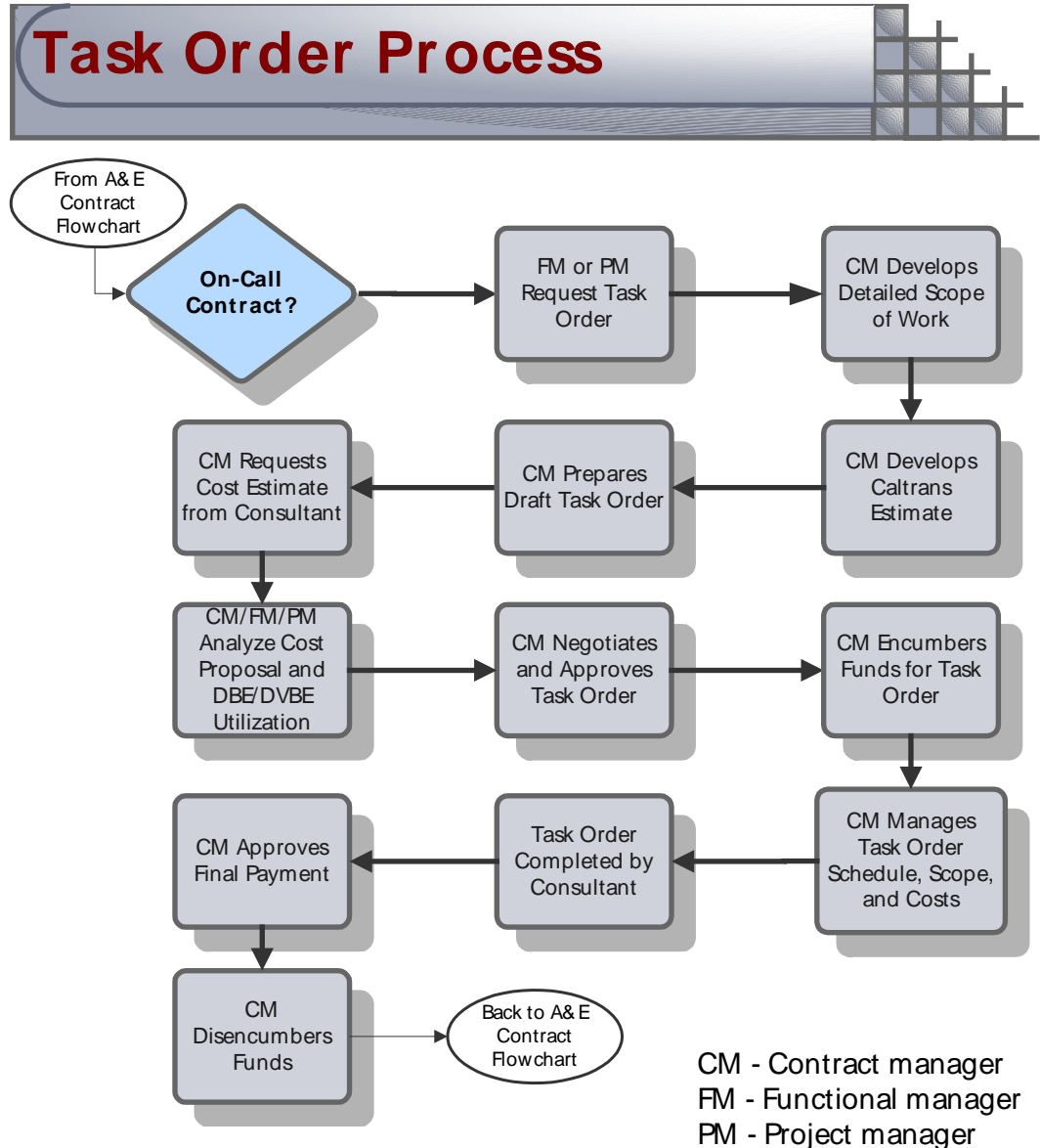


Figure 2. Task order process flowchart

**Requesting the Task Order from Contract Manager**

The district functional manager or project manager gathers the project information as identified in the workplan, checks availability of contracting resources and develops the request for the task order, and submits it to the CM for processing. The request should be detailed enough so that the CM can prepare a draft task order and develop the State estimate.



*The CM should already have copies of the contract and project workplan, and have made a decision on the work to be done.*

The CM checks to determine:

- ▶ That the work is within the contract's scope of services
- ▶ That the work can be done within the term of the contract

### **Developing the Detailed Scope of Work**



*It is not appropriate to ask the consultant to develop the scope of work because he/she is not reimbursed for this.*

The detailed scope of work, developed by the CM, provides the basis for the consultant's cost proposal as well as the negotiations between the State and the consultant. The detailed scope of work, as negotiated with the consultant, becomes part of the final task order. The scope of work must include a list of the products or services that the consultant will be required to deliver and a milestone schedule that describes when he/she must deliver them.

### **Developing the State Estimate**



*The estimate must remain confidential; it may not be disclosed to the consultant.*

The CM with the assistance of the project/functional managers develops the **confidential** State estimate, based on cost information from the contract cost proposal and work effort information from the functional or project manager. The CM uses this estimate to determine if the task order would exceed any limitations imposed, and to establish the State's starting position for negotiations.

### **Preparing the Draft Task Order**

For the preparation of the draft task order, the CM needs:

- ▶ A copy of the contract
- ▶ The task order request
- ▶ The State estimate

Based on the contract terms, and information provided by the task order request, the CM develops the draft task order. The CM sends the draft task order to the consultant for review and development of the consultant cost proposal.

**Requesting the  
Cost Estimate  
from the  
Consultant**

The consultant reviews the draft task order and prepares a cost estimate for the requested work. The CM answers any questions that the consultant may have about the draft task order. **The consultants are not paid for reviewing the task order and developing the cost estimate.**

**Analyzing the  
Cost Estimate**

After receiving the consultant cost estimate, the CM analyzes it and compares it to the State cost estimate. He/she looks for differences in hours of effort, level of personnel proposed, other direct costs, and the hours and level of management proposed.

**Analyzing the  
DBE or DVBE  
Utilization**

The CM shall evaluate and negotiate with the consultant on DBE or DVBE utilization proposed in the consultant's cost estimate.

**Negotiating the  
Task Order**



*Consultants are not paid for the time needed to negotiate the task order.*

The CM schedules a task order negotiation session that includes the functional or project manager and the consultant. After successful negotiation of the task order, the CM prepares the final task order package for appropriate signatures. The task order must be signed by the negotiators (CM, project manager, and consultant) and by at least one "approver" (Deputy District Director, Division Chief, Deputy Division Chief, Division of Engineering Services). Details about this process are available in the Department's training manual, *Managing Contracts, Task Order Development Procedures* module or see *Task Order Procedures* at:

**<http://admin.dot.ca.gov/pc/aesched.shtml>.**

**Encumbering  
Funds**

Once the CM and a Division representative approve a task order, the appropriate amount of funding (by fund source) must be disencumbered from the original encumbrance EA and subjob(s), and encumbered against the project-specific EAs identified in the task order. This process is similar to the disencumbering process for the contract. The CM simply sends an email to Accounting. For details, see **<http://admin.dot.ca.gov/pc/aesched.shtml>**.

**Example: Task Order Format** This example shows all the information needed for a task order. The CM may add other relevant information as needed to complete the task order request form.

**TASK ORDER NO.** \_\_\_\_\_

DATE :  
 CONTRACT NO:  
 CONSULTANT FIRM:  
 PROJECT TITLE:  
 EA:

**I. Task Order Description:** Describe project. If the contract is Project Specific with a Firm Fixed Price Cost Proposal state whether the task order is for additional design or additional construction support services as budgeted in the contract.

**II. Scope of Services:** (Include task order scope of work, expected results, and task order deliverables.)

**III. Reports and/or Meetings**

- A. The Consultant shall submit progress reports in accordance with Exhibit A of the contract.
- B. The Consultant's Project Manager shall meet with the Department Contract Manager and Project Coordinator as needed to discuss progress on the project(s).

**IV. Period of Performance**

Work under this Task Order shall begin on (Date) and terminate on (Date)

**V. Task Schedule**

(Outline Project Schedule here or attach as separate page.)

**VI. Cost**

- A. The Consultant will be paid for actual hours worked in accordance with contract language in Exhibit A, Section 3 - Task Orders; Exhibit B, Section 2 - Compensation and Payments; the Consultant's Cost Proposal referenced in Exhibit A, Section 1, Paragraph A; and with the task order cost estimate, which is attached and incorporated by this reference.
- B. In addition, the Consultant will be paid for actual direct costs, other than salary costs, that are identified in the attached cost estimate pursuant to Exhibit B, Section 2 - Compensation and Payment of the Contract. (Note: this Paragraph B. does not apply if a Firm Fixed Price Task Order is being negotiated.)

- C. This Task Order is being negotiated for a Firm Fixed Price: Yes No
- D. The total amount payable by the Department under this Task Order shall not exceed \$ (AMOUNT).

**VII. Task Order Manager**

The Task Order Manager from the Department for this Task Order will be \_\_\_\_\_.

**VIII. Signatures**

I certify that this Task Order No. \_\_\_\_\_ and attachments comply with the provisions of Contract No. \_\_\_\_\_, are necessary for the satisfactory completion of the product(s) contracted for, and that sufficient funding has been encumbered to pay for this work.

\_\_\_\_\_  
(Name)  
DEPARTMENT CONTRACT MANAGER

I certify that this Task Order and Attachments, are within the scope of the project and are necessary for the successful completion of the project.

\_\_\_\_\_  
(Name)  
DEPARTMENT PROJECT MANAGER

IN WITNESS WHEREOF, this Task Order (No. \_\_\_\_\_) has been executed under the provisions of Contract No. \_\_\_\_\_ between the State of California, Department of Transportation, and (Consultant). By signature below, the parties hereto agree that all terms and conditions of this Task Order No. \_\_\_\_\_ and Contract No. \_\_\_\_\_ shall be in full force and effect.

STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION

(CONSULTANT'S BUSINESS NAME)

By: \_\_\_\_\_  
(Name)

By: \_\_\_\_\_  
(Name)

Title: Deputy District Director  
Division Chief  
Deputy Division Chief, Division of Engineering Services

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

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

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

Task Order approval level shall not be delegated below the above listed levels. (Delete titles that do not apply.)

Attachments (List)

Figure 3. Example task order format

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## Appendix B - Amendments

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If a contract needs to be amended for time, money, or additional services, the CM, with the help of the functional or project manager, identifies changes to the contract. Changes to the contract could include, but not be limited to, changes in the scope of work, schedule, and cost. The CM notifies DPAC immediately prior to requesting any changes to the contract and obtains the *Amendment Pre-Approval Request*. See "Amending an On-Call Contract " on page 57.

An amendment process flowchart, divided into on-call contracts and project-specific contracts, follows.

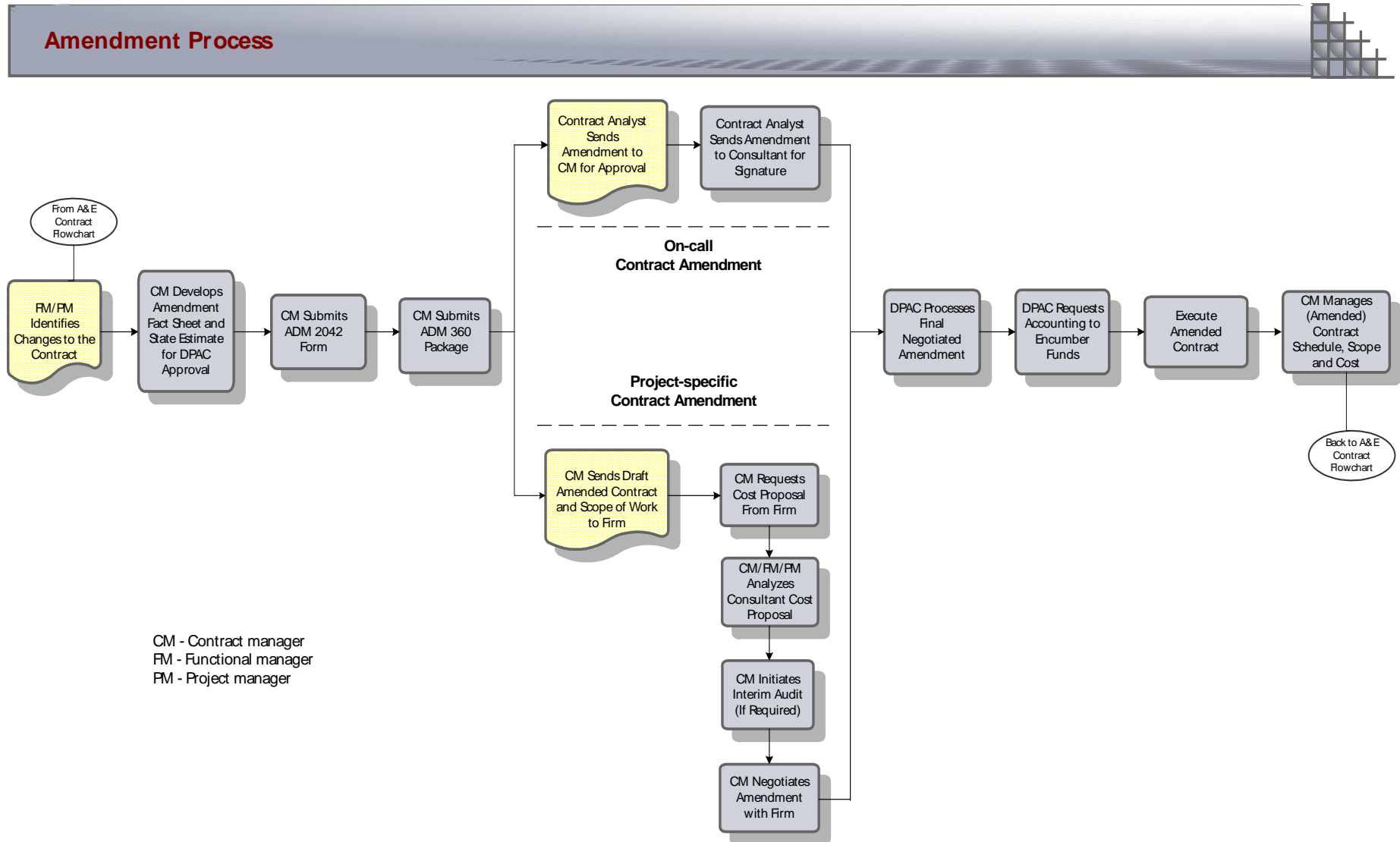


Figure 4. Amendment process flowchart





**Amending an  
On-Call Contract**

On-call contracts are the most common type of contract.

**Submitting Amendment Fact Sheet**

The CM shall complete an Amendment Fact Sheet and submit it to DPAC for approval prior to submitting a request for amendment of any contract. Department personnel can access routing and approval instructions on the intranet at: <http://admin.dot.ca.gov/pc/doc/amdfact.doc>

**Submitting the ADM 2042 Form**

The CM must submit to DPAC the *Amendment Pre-Approval Request (Form ADM 2042)* if the amendment increases time and/or funds for the contract. Exceptions to this requirement are as follows:

- ▶ The first amendment to a contract if:
  - It only extends the term for a period of one year or less, or
  - It increases the contract amount by 30% or less
- ▶ Amendments other than for time or money

The Program Deputy Director will only approve an *ADM 2042* that includes the signatures of the District Director (or headquarters Division Chief), Legal Division, and Finance Deputy Director. The *ADM 2042* contains instructions for all the signature requirements and does not require a *Director's Office Transmittal Approval Sheet*.

Department personnel can access routing and approval instructions on the intranet at:

<http://admin.dot.ca.gov/pc/doc/adm2042.doc>

**Submitting the ADM 360 Package**

After receiving pre-approval, the CM initiates the formal approval process by completing a *Service Contract Request (ADM 360)* package and submitting it to DPAC for processing.

The *ADM 360* package includes the following information:

- ▶ A completed *ADM 360* form
- ▶ Changes to the scope of work
- ▶ The State estimate for the changes in contract costs (if applicable)
- ▶ Reason(s) for the amendment

- ▶ Types of fund(s) and availability of funds for the programmed fiscal year or an updated fiscal year spreadsheet (see the COST report)

Department personnel can access routing and approval instructions on the intranet at:

**<http://admin.dot.ca.gov/pc/doc/rout360.doc>**

DPAC will process the amendment upon receipt of the *Service Contract Request Form (ADM 0360)*.

### **Finalizing Amendments**

The contract analyst drafts an amended contract when negotiations are successful. DPAC:

- ▶ Processes the final amended contract
- ▶ Ensures that the contract is complete
- ▶ Determines that the contract analyst has provided all required back-up documents
- ▶ Sends the appropriate number of copies (minimum 4 copies) of the amended contract to the consultant for signature
- ▶ Sends the copies back to the contract analyst for signatures and final approval of the amended contract



*Only authorized principals of the firm who can obligate the firm may sign the contract.*

### **Encumbering Funds**

The CM verifies that the funding information shown in *Form ADM 360* is correct and notifies DPAC to request Accounting to encumber funds.

### **Executing the Amended Contract**

The amended contract is executed after all appropriate parties (Accounting, consultant, Department attorney, DPAC, DGS) have signed and/or approved the contract and Accounting signs to reauthorize or redistributes encumbrance. DPAC distributes copies of the executed contract amendment to the consultant, CM, Accounting, Audits and Investigation, DGS, etc. DPAC retains and files a copy of the contract with the original signatures and backup information.

### **Managing the Amended Contract Schedule, Scope, and Costs**

When a contract is being amended, the project work continues as described in the original contract. The amended work commences after the amended contract is fully executed. Thereafter, the CM continues to manage and administer the terms of the amended contract by performing the following activities. (For a more detailed description of these activities, see "Managing the Schedule, Scope, and Cost" on page 35.)

- ▶ Coordinate Department and consultant activities
- ▶ Manage QA
- ▶ Review and approve consultant invoices
- ▶ Manage contract schedule and funds
- ▶ Monitor DBE or DVBE goals

### **Amending a Project-Specific Contract**

Amending a project-specific contract follows the same steps as amending an on-call contract until after the *ADM 360* package has been submitted. Then, the process follows the steps below.

#### **Requesting the Cost Proposal**

If the amendment is for contract dollar amount changes, the CM asks the consultant to provide a cost proposal to perform work described in the draft amended contract and scope of work.

#### **Sending the Draft Amended Contract to Consultant**

The contract analyst prepares and sends a draft amended contract and scope of work for review and approval to the following stakeholders, in this order: CM, Department Legal Division, and consultant.

#### **Analyzing the Cost Proposal**

The CM, with the assistance of applicable functional managers, analyzes the consultant cost proposal against the Department draft amended contract cost estimate.

### **Initiating the Interim Audit**

The CM may request an interim audit of the amended contract if there are changes to the terms of the cost proposal. For example, if the amendment increases the consultant's, or any subconsultant's, total payment beyond an established dollar value threshold, the CM may request an interim audit. Contact Audits for specific details. For a contract that has two cost proposals, such as a FFP/SROC cost proposals, an interim audit may be required.

### **Negotiating Amendments**

After receiving the cost proposal from the consultant, the CM and the consultant negotiate the amended contract. The goal of negotiations is to agree on a final contract that will deliver the services or products at a fair and reasonable cost to the Department. The independent cost estimate developed previously by the Department is an important basis for negotiations. Negotiations are not complete until the CM receives a pre-award audit report, if required or requested, and any issues are resolved.

Items negotiated typically include:

- ▶ Schedule (hours)
- ▶ Products to be delivered
- ▶ Classification and experience level of personnel to be assigned
- ▶ Cost items and total payments

If the negotiations team (CM, functional manager, A&E coordinator) cannot reach an agreement with the consultant, the team terminates the negotiations. If negotiations are not successful, then the original contract remains and is managed accordingly or terminated.

### **Finalizing the Amendment**

The amendment process for project-specific contracts again follows the same steps as on-call contracts. See "Finalizing Amendments" on page 58 for the remaining steps.



# GLOSSARY

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<b>Amendment</b>	An official change to the contract, after contract work has begun.
<b>Audit</b>	The formal examination and verification of project-related records by Division of Audits and Investigation. The audit may include: consultant's salaries, consultant's direct and indirect billing rates, contract amendments, contract requirements, and the consultant's system of internal controls. There are four types of audits - the pre-award audit, the post-award audit, the interim audit, and the <b>post audit</b> .
<b>Certified Contract</b>	The contract after it has been processed and verified by the Office of Accounts Payable, Division of Accounting.
<b>Claim</b>	An unresolved <b>dispute</b> that a consultant has filed with the appropriate Department office.
<b>Consultant Services Unit (CSU)</b>	A multidisciplinary functional unit that initiates, assists in the procurement of, and manages various types of consultant contracts.
<b>Contract Manager</b>	The Department CM manages the consultant contract and all consultant work on task orders for on-call contracts. The CM coordinates with DPAC and functional units.

<b>Cost Proposal</b>	<p>For on-call contracts: The consultant's direct and indirect costs, actual hour rates of consultant personnel.</p> <p>For project-specific contracts: The consultant's offer, which specifies the project resources and tasks, resource rates, additional indirect costs, and overall project cost.</p>
<b>Cost Estimate</b>	<p>This estimate is derived from the "master" contract. The consultant develops a cost estimate for each task order.</p>
<b>Dispute</b>	<p>A disagreement between the Department and a consultant.</p>
<b>Encumber</b>	<p>To set aside, or earmark funds for a specific purpose.</p>
<b>Functional Manager</b>	<p>The immediate supervisor of the staff who work on the project. The functional manager determines his/her functional unit's ability to meet project delivery commitments using in-house staff. The functional manager will identify the need to use on-call consultant resources when his/her functional unit is unable to meet its delivery commitments with in-house staff. The functional manager (or the task order manager) also provides technical oversight/quality assurance of contract work.</p>
<b>Good Faith Effort</b>	<p>The effort required to comply with the DBE or DVBE goal when the stated goal percentage is not achieved.</p>
<b>Milestone Schedule</b>	<p>A schedule that shows the specific completion date of each milestone in a project. A milestone can be broad, such as the date at which time a component ends, or it can be specific, such as when a particular task will be completed.</p>
<b>On-Call Contracts</b>	<p>The Department uses on-call contracts when functional units need services to be provided on a short notice and when the work being requested cannot be defined adequately in advance. Also called a "master" contract.</p>
<b>Personnel Years</b>	<p>One Department employee working for one year, or 1,758 hours.</p>
<b>Personnel Years Equivalent</b>	<p>A measure of money equivalent to one consultant employee working for one year. This money is to be used to hire contract staff.</p>
<b>Post Audit</b>	<p>An audit completed after the project work is finished. See <b>audit</b>.</p>
<b>Programmed Project</b>	<p>A proposed transportation improvement that is listed in a programming document or in a report approved by the California Transportation Commission (CTC). The improvement and location are specified in the programming document or report to the CTC.</p>

<b>Project Schedule</b>	The schedule for the project, indicating the WBS, tasks, resources, milestones, completion dates, and dependencies.
<b>Project Scope</b>	The work that must be done in order to deliver a product with the specified features and functions.
<b>Project-Specific Contracts</b>	A contract for services to produce a report, a study, PS&E, etc., for a particular project (or projects) specifically identified in the contract. The Department uses project-specific contracts when all or most of a project component is contracted-out.
<b>Quality Assurance</b>	The Department is responsible for product quality assurance. The Department defines product standards and specifications, delivery schedule and milestones, and product budget. The Department communicates those requirements clearly to the consultant. The Department checks the consultant's Quality Control Plan at predefined milestones to assure product quality goals are being met.
<b>Quality Control</b>	The consultant is responsible for product quality control. The consultant ensures product standards and specifications, delivery schedule and milestones, and product budget are clearly understood and accepted at the beginning of the project. The consultant is responsible for developing and executing a Quality Control Plan for every project delivery product and service.
<b>Request for Qualifications (RFQ)</b>	A document prepared by DPAC that defines the terms and conditions of services requested from consultants.
<b>Responsive SOQs</b>	As defined in the RFQ Responsiveness checklist located at: <a href="http://caltrans-opac.ca.gov/aeinfo.htm">http://caltrans-opac.ca.gov/aeinfo.htm</a> .
<b>Service Contract Request (ADM 360)</b>	To request contracted services from public entities, <i>Form ADM 360 (Service Contract Request)</i> must be completed.
<b>State Contract Register</b>	The official DGS list of projects and contracts for bid.
<b>State Estimate</b>	Used in negotiations, this is the CM's best guess of the value and cost of the contract work. Sometimes called the Caltrans estimate.
<b>State Fiscal Year</b>	July 1 to June 30.
<b>Statement of Qualifications (SOQ)</b>	A document prepared by the consultant in response to a Request for Qualifications that identifies the qualifications, expertise and level of effort to meet the needs of services requested (in response to the RFQ).
<b>Subcontractable Items of Work</b>	Pieces of contract work that a prime consultant can contract out to subconsultants.

<b>Task Order</b>	A subcontract of the "master" on-call contract. A task order has a clearly defined scope of work.
<b>Work Breakdown Structure</b>	A deliverable-oriented grouping of project elements that organizes and defines the total scope of the project. Any work not included in the WBS is outside the scope of the project.





# ACRONYMS

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<b>ACPF</b>	Actual Cost Plus Fixed Fee
<b>A&amp;E</b>	Architectural and Engineering
<b>COST</b>	Capital Outlay Support Tracking
<b>CSU</b>	Consultant Services Unit
<b>CTC</b>	California Transportation Commission
<b>DBE</b>	Disadvantaged Business Enterprise
<b>DVBE</b>	Disabled Veteran Owned Business Enterprise
<b>DGS</b>	Department of General Services
<b>DPAC</b>	Division of Procurement and Contracts
<b>EA</b>	Expenditure Authorization
<b>FFP</b>	Firm Fixed Price
<b>LS</b>	Lump Sum
<b>PA&amp;ED</b>	Project Approval and Environmental Document
<b>PID</b>	Project Initiation Document
<b>PMD</b>	Project Management Directive

Acronyms

<b>PS&amp;E</b>	Plans, Specifications & Estimate
<b>PYE</b>	Personnel Year Equivalent
<b>PY</b>	Personnel Year
<b>QA</b>	Quality Assurance
<b>RFQ</b>	Request for Qualifications
<b>SHOPP</b>	State Highway Operation and Protection Program
<b>SOQ</b>	Statement of Qualifications
<b>SROC</b>	Specific Rates of Compensation
<b>STIP</b>	State Transportation Improvement Program
<b>TCRP</b>	Traffic Congestion Relief Program
<b>WBS</b>	Work Breakdown Structure



# INDEX

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Actual cost plus fixed fee .....	18	Appointing .....	8
ADM 360 Package .....	24	Conducting Interviews .....	27
Amendment .....	40, 56, 59, 60, 62	Duties .....	8
Audit		Reviewing Invoices .....	38
Interim .....	62	Contract Performance .....	35
Post Audit .....	48	Contract Type	
Pre-Award .....	29	Multi-Component .....	11
Bargaining Units .....	2	On-Call .....	10
Budget .....	26	Project-Specific .....	10
Civil Rights .....	15, 26	Single Component .....	11
Claims .....	43	COST .....	7, 15, 24, 33, 60
Consultant Register .....	15	Cost Per Unit .....	19
Consultants		CSU .....	13, 26
Advertising for .....	25	DBE or DVBE .....	
Cost Proposal .....	28	.....	8, 15, 26, 37, 38, 40, 47, 61
Evaluating .....	47	DGS .....	34, 60
Paying .....	42	Disputes .....	43
Selection Committee .....	25	District Consultant Services Unit	See CSU
Contract		Division of Procurement and	
Executing .....	34	Contracts .....	See DPAC
Finalizing .....	32	DPAC ..	13, 21, 24, 25, 27, 29, 47, 56
Negotiating .....	30	EA	33, 53
Procurement Schedule .....	21	Estimates .....	14
Contract Manager			

Index

Estimates.....	52	Task Order.....	10, 13, 18, 50
Expenditure Authorization.....	See EA	TCRP.....	2
FFP.....	18	Traffic Congestion Relief Program	See TCRP
Final Invoice.....	42	Value.....	See Estimates
Final Product.....	41	WBS.....	10, 11
Final Rankings.....	27	Workplan.....	2, 6, 52
Firm Fixed Price.....	See FFP		
Funds			
Disencumbering.....	46		
Encumbering.....	33		
Goals.....	See DBE or DVBE		
Headquarters.....	6, 8, 59		
Insurance Documents.....	32		
Kick Off Meeting.....	36		
Lump Sum.....	See FFP		
Manager.....	See Contract Manager		
Milestone.....	39		
Notice to Proceed.....	36		
On-call.....	See Contract Type		
PID Component.....	28		
Project-specific... See Contract Type			
QA 37, 38, 61			
Qualifications	See Statement of Qualifications		
Quality Assurance.....	See QA		
Reference Checks.....	26		
Request for Pre-Approval.....	59		
Request for Qualifications... See RFQ			
RFQ.....	24, 25		
Schedule			
Managing.....	37, 61		
Monitoring.....	39		
Scope.....	13, 52, 61		
SHOPP.....	2		
Shortlist.....	25, 26		
SOQ.....	25, 26, 27		
Specific Rates of Compensation....	18		
State Highway Operation and Protection Program.....	See SHOPP		
State Transportation Improvement Program.....	See STIP		
Statement of Qualifications.....	25		
STIP.....	2		