

ACEC Questions Regarding Prequalification Program

1. How will the new pre-qualification process be administered? Will WSDOT issues RFAs to firms 'pre-qualified'?

A second tier competition will be held with all prequalified Consultants from the "Ready to Work" Roster(s). The process for selecting the most qualified Consultant will be very similar to the process currently used with the on-call rosters.

To help answer this question in detail, we created a process flow chart that can be found here:

<http://www.wsdot.wa.gov/Business/Consulting/Prequal.htm>

2. How is a firm/team determined to be pre-qualified? (other than just checking a box on their form).

The initial prequalification application is self-certification. This followed by a separate administrative financial review process resulting in a Master Pricing Agreement (MPA).

Upon completion of the above steps, and as consultant services are required, project specific qualifications are requested and evaluated through the RFAI process. For full details about the process, please see our prequalification webpage:

<http://www.wsdot.wa.gov/Business/Consulting/Prequal.htm>

3. Explain how to complete the 'Crosswalk' form? I was told by WSDOT HQ Consultant Services that firms were to provide a rate that best matches their classifications?

Firms will matchup their classifications within the WSDOT classifications/descriptions provided as best they can. Firms will provide their highest rate in each classification as the basis for maximum amount payable of each WSDOT classification.

4. What was the legal basis for WSDOT making this change in practice?

Although there is no legal basis required to make a change in practice, we have counseled with our AAG regarding legal parameters. This was a business decision to implement a new practice to better meet the needs of WSDOT project managers and promote inclusion.

The new process and agreement language was reviewed by WSDOT's AAG. We are confident that the prequalification processes and resulting agreements are in

compliance with all relevant laws and regulations including RCW 39.80, CFR 48, and Brooks Act (QBS).

5. With public disclosure, how will WSDOT maintain confidentiality of firms' rate information?

To the extent consistent with chapter 42.56 RCW, the Public Disclosure Act, WSDOT maintains the confidentiality of Consultant's information. Each PDR is reviewed on a case by case basis by the WSDOT Risk Management Office for compliance to RCW.

6. What was the rationale behind WSDOT requiring firms to "Crosswalk" our labor classifications to WSDOT's labor classifications, when their list does not match the type(s) of service(s) provided. For example, CM firms and their labor descriptions do not fit either?

The Crosswalk streamlines WSDOT's process for contract administration, negotiation, and management. This allows us to more quickly execute consultant agreements and meet project delivery needs.

To address the CM (Construction Management) example in question, WSDOT employs many Construction Management positions (inspectors, materials testers etc..) with classifications ranging from Transportation Technician 1, 2, and 3 through Transportation Engineer 1, 2, 3, 4, and 5.

7. What was the rationale behind WSDOT requiring firms to only submit DSC of the highest paid employee in each labor classification rather than simply using a NTE rate for each labor band (which is what was used in the past)?

Because there will likely be multiple Consultant classification within each WSDOT classification. WSDOT will utilize the highest of all Consultant classifications to determine the NTE DLR for each WSDOT classification.

8. The qualification standards seem extremely low (more like a self-certification). Do you feel that this process is compiling the most qualified consultants for the state?

The intent of the prequalification system is to give all firms including UDBE, SBE, and MSVWBE firms an equal chance to compete for work. The most qualified firm to perform work on a project will be determined through the project scoring criteria of the second tier process. We believe the two tier process is effective in selecting the most qualified consultants.

For full details about the process, please see our prequalification webpage:

<http://www.wsdot.wa.gov/Business/Consulting/Prequal.htm>

9. When you release a multi-disciplinary project, will all team members (or just the prime) have to be on your pre-qualification list for their respective disciplines in order to submit?

At this time the policy is that the prime consultant and all proposed subconsultants must be prequalified to submit and work on a project advertised through the prequalification process.

10. What is the plan for how this works in this period that you have some disciplines on a pre-qualification system and other disciplines still on an on-call system?

The majority of on-call categories will eventually be phased out and converted to the prequalification system. We plan to update the prequalification advertisement on an annual cycle. As on-call agreements approach their end dates, these categories will be rolled into the next prequalification advertisement. In the meantime, we have included the "Other Subconsultant Work" prequalification category to accommodate specially disciplines not covered by the other prequalification categories.

11. Why did the state go to a pre-qualification system as opposed to sticking with the on-call process?

To better suit the needs of WSDOT project managers and promote inclusion.

- Prequalification provides advantages over on-call agreements, including more opportunities for fair/open competition, and inclusion.
- Prequalification provides more flexibility for agreement types, budgets, and schedules (removes the constraints of the on-call master agreements).
- Prequalification provides advantages over the current open competitive process, including streamlining the process for advertisement, selection, and agreement negotiation. Indirect cost and direct labor rates are established up front upon initial prequalification.

12. Doesn't this really just turn the state's selection process into a low-bid process as opposed to a QBS?

No.

13. What is the overall purpose of the Crosswalk Classification list? How will this information be protected, kept private? How will this information be used?

The Crosswalk streamlines WSDOT's process for contract administration, negotiation, and management. This allows us to more quickly execute consultant agreements and meet project delivery needs.

WSDOT follows 42.56 RCW, the Public Disclosure Act. To the extent consistent with chapter 42.56 RCW, the Public Disclosure Act, WSDOT maintains the confidentiality of Consultant's information.

14. What is best practice to move forward with assigning classifications for those that do not fit into the WSDOT list?

In general, firms should select the best match to the corresponding WSDOT classification based on the description provided. There is an "Other" line for classifications that legitimately do not correspond to any of WSDOT's standard classifications.

Specific questions may be directed to the point of contact on the prequalification acceptance letter.

15. Why are direct salary rates being requested for this list? Why are the existing direct labor rates of certain personnel being capped or negotiated as part of this effort? How is/are the salary labor rate limits determined?

Direct Salary Rates are a component of the Master Pricing Agreement (MPA). The purpose of the MPA is to complete the administrative financial approvals in advance; resulting in a quicker contract negotiation process.

WSDOT reimburses consultants for actual raw labor rates.

16. How often will consultants be required to update the list?

An application renewal and MPA update are required annually. For full details, please see the advertisement webpage:

http://www.wsdot.wa.gov/Business/Consulting/Ads/Open/2018_Consultant_Prequal.htm

17. If all team members have to be pre-qualified for a multi-disciplinary project, what is the plan for how this works in this period that you have some disciplines on a pre-qualification system and other disciplines still on an on-call system?

Please see question #10 for additional information about how we plan to transition on-call categories to prequalification.

18. Why did the state go to a pre-qualification system as opposed to sticking with the on-call process?

This is the same as question #11. See response to Question #11.

19. How will the prequalification process change for specific discipline projects from what the Tier 2 process was before?

The prequalification system employs a Tier 2 selection process similar to on-call, with a few updates. Please see the process flow chart at the following link for full details:

<http://www.wsdot.wa.gov/Business/Consulting/Prequal.htm>

20. Will all prequalified firms be asked to submit a Tier 2 response for single discipline projects? And, if not, on what basis will that “shortlisting” process be based?

Yes, all prequalified firms within a relevant category will have an opportunity to submit a response to an RFAI. There is no “shortlisting” in advance of the RFAI. Secondary interviews may be required after the RFAI and review of consultant submittals.

21. If all team members have to be prequalified for a multi-disciplinary project, how will you reach out to/communicate this new requirement to UDBE firms so that they are aware they need to now prequalify before a solicitation is released in order for the prime firms to still achieve the UDBE requirements of the contract?

For the past year, WSDOT has been communicating this new process (including the requirement for all firms, including subconsultants, to be prequalified) through outreach meetings and online website updates.

In May of 2018, WSDOT posted open advertisements through multiple outlets including the WSDOT CSO webpage, DES’s WEBS system, and the Seattle Daily Journal of Commerce.

We also encourage our consultant partners to help get the word out to firms they frequently partner with.

22. As a corollary, do you see this change to prequalification affecting UDBE firms and their ability to compete for WSDOT projects and join teams to help primes achieve the State’s UDBE goals?

Yes. The prequalification system allows new firms to become prequalified at any time. This provides UDBE firms (and non-UDBE firms) the flexibility to submit their own proposal or partner with other firms as a subconsultant.

Additional Questions

23. As described in Section 4.01 of the Master Pricing Agreement, what is the procedural process WSDOT is using to ascertain whether submitted Direct Labor Rates and/or Indirect Cost Rates are reasonable”?

For new firms to WSDOT, CSO will consider sources like Zwieg Group salary survey as a starting point to the Direct Labor. We may consider direct labor rates of firms that perform similar work. For firms that have existing rate tables, the current direct labor rates are considered reasonable.

Indirect Cost Rates (ICR) are determined by the internal audit office for CSO agreements. CSO is not involved in those rate determinations.

24. As described in Section 4.01 of the Master Pricing Agreement, what is the standard against which WSDOT is measuring submitted Direct Labor Rates and/or Indirect Cost Rates to ascertain whether they are reasonable”?

Same question as above.

25. Are the Direct Labor Rates and/or the Indirect Cost Rates submitted by firms being used in any collective or mathematical manner, such as determining statistical distributions, to be used as a basis for the determination of whether a particular submitted Direct Labor Rate or Indirect Cost Rate is “reasonable” or not?

Currently, WSDOT does not use the Direct Labor Rates and/or the Indirect Cost Rates submitted by firms being used in any collective or mathematical manner, such as determining statistical distributions, to be used as a basis for the determination of whether a particular submitted Direct Labor Rate or Indirect Cost Rate is “reasonable” or not.

Good idea though. We may take this into consideration, Thank You.

26. What is the rationale for the term of the Master Pricing Agreement being five years when firms have to resubmit and negotiate Direct Labor Rates and their Indirect Cost Rate every year?

The prequalification application and MPA must be updated annually. This gives consultants the opportunity to select additional categories of work and update their ICR as required by the Federal Acquisition Regulations (FAR).

The five year rule is to ensure other components of the MPA (Direct Labor and Classification Crosswalk) are also reviewed and renewed regularly. This timeframe is subject to change as the prequalification program evolves and lessons are learned.

27. How can firms be assured that WSDOT will not arbitrarily limit rate increases during the second through fifth years of a Master Pricing Agreement?

The prequalification program does not fundamentally change the way consultant direct labor or indirect cost rates are established.

CSO will continue to negotiate the direct labor rates in the same fashion it currently uses.

WSDOT does not, has not, and will not arbitrarily limit increases.

WSDOT strives to be the owner of choice for consultant firms to work with.

28. Is WSDOT using an index or some other third-party source to predetermine increases to Direct Labor Rates in years two through five? If so, what is the rationale for that index or some other third-party source being relevant to increases in engineering Direct Labor Rates in Washington State?

The CPI-U is used as a resource in considering labor rate increases. The choice of using this index came after lengthy discussions with and assistance of the ACEC Business Subcommittee.

We are open to other recommendations, and recommendations should be forwarded to us through the ACEC Business Subcommittee, please.

29. In relation to the cross-walk exercise, is WSDOT using a separate process or categories for Local, Regional, and National/International firms to address the different expertise/skills available within each category of service provider?

The cross-walk is a function of the WSDOT Prequalification process. All firms, regardless of location, are expected to “best fit” their labors classifications to those of WSDOT. The firms will likely demonstrate their different expertise/skills during the second tier selection process.

30. In relation to the cross-walk exercise, how is WSDOT accounting for project specific needs for specialty labor classifications?

We recognize that not every “project need” can or should be met with the Crosswalk – there are simply too many classifications within many of the firms to accommodate this type of an approach. The Crosswalk may be updated to accommodate unique project needs.

31. Since the Direct Labor Rate will be a “Max Rate” – will the Max Rate be based on the consultant’s highest paid individual in that category? If not, how is this approach consistent with FAR Guidelines that disallows the arbitrary capping of Direct Labor rates?

Yes. As such the follow up question is not applicable.

32. How is WSDOT taking into account differences in a consultant's compensation practices when assessing reasonableness and accuracy of the cross-walking to avoid improper pricing comparisons?

WSDOT evaluates each firm's direct labor rates separately.

33. It is our understanding that the Master Pricing Agreement is for certain projects under \$2M. However, WSDOT has used same Not to Exceed tables on all projects. How do the current Direct Labor Rates apply to other projects over \$2M?

The prequalification program does not fundamentally change the way consultant direct labor rates are established.

CSO will continue to negotiate the direct labor rates in the same fashion it currently uses (for prequal AND open procurements).

34. Explain the termination process and its ramifications.

If a firm chooses not to update their MPA after the initial year, the MPA terminates. Without an MPA, the firm is not added to the current year's "ready to work" rosters and ineligible to work on any new Prequalification work for that year. The firm may reapply during any future years' prequalification advertisements.

From the feedback provided by the ACEC, we have decided to look more closely into this section of the MPA with hopes of eliminating any confusion we may have inadvertently created. Thank you!