CALTRANS DIVISION OF LOCAL ASSISTANCE

2019
A&E Oversight
PERFORMANCE
MEASURES #19-01

January 2020

Prepared By: Original Signature By
_____ _____

John Yang, Acting Program Manager Date
A&E Oversight

Approved By: Original Signature By
_____ _____

Felicia Haslem, Acting Office Chief Date
Office of Guidance and Oversight

Empowering Our Partners To Be Successful

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EXECUTIVE SUMMARY

The Architectural and Engineering (A&E) Oversight branch within the Office of Guidance & Oversight (OGO) performed an annual process review of A&E consultant contracts procured by local government agencies (LGA). The review resulted in overall compliance of 83%. The review has 22 performance measures identified to assess LGA's compliance with 23 Code of Federal Regulations (CFR) part (§) 172, 2 CFR §200, and 48 CFR §31. The A&E Oversight branch upholds the federal requirements to ensure that LGA when procuring A&E services promotes full and open competition, the selection is qualifications-based, and that contract cost is fair and reasonable.

The A&E Oversight branch has the delegated authority to provide guidance on consultant contracts for LGA. The A&E Oversight's strategic plan embraces a mission to empower and ensure success to the LGA. The team's vision is to achieve excellence through progress and innovation.

Since 2014, four annual process reviews have been conducted. Each following year has shown an upward trend of overall compliance increasing from 49% to 83%. *Figure 1 LGA's Year-Over-Year Overall Compliance* chart is presented below.

Figure 1. LGA's Year-Over-Year Overall Compliance
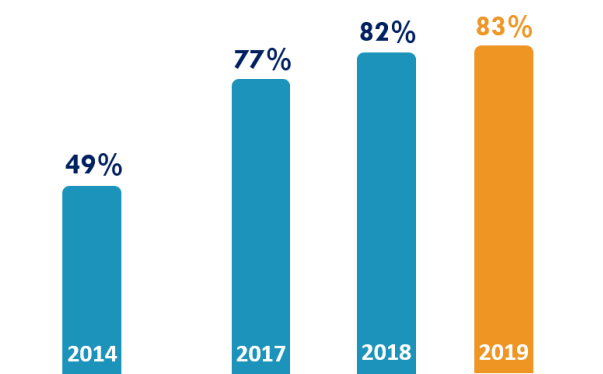
At a glance

83%		610
LGA's Overall Compliance	**Upward Direction Confirmed**	**A&E Contracts & Amendments**
22	5	
Performance Measures	**Most Deficient Areas Identified**	**Action Plan**

In 2018, the A&E Oversight branch established a target average overall compliance goal of 85%. This year review demonstrated an overall compliance rate of 83%. In conjunction with last year's data verification and analysis, this year's review provides confirmation that demonstrates LGA consistently procure consultant contracts at or near the targeted goal.

The objectives of the review were as follows:

- Determine if LGA comply with 23 CFR §172 – *Procurement, Management, and Administration of Engineering and Design Related Services* for contracts executed in FFY 2018-19.
- Identify deficient areas in the LGA's procurement processes, recommend changes to Local Assistance Procedures Manual (LAPM) *Chapter 10: Consultant Selection* guidance, and create an action plan for increasing compliance.

> *Embraces a mission to empower and ensure success to the local partners*

EXECUTIVE SUMMARY

The 22 performance measures are categorized under the five guiding principles: Procurement Planning, Full and Open Competition, Qualifications Based Selection, Cost is Fair and Reasonable, and Contract Administration. There are 13 performance measures that are at or above the A&E Oversight branch's target compliance goal of 85%. There are 9 performance measures that are below the target goal. The five most deficient areas are highlighted red in *Table 1: 2019 Performance Measures Compliance.* These areas are specifically targeted for improvement in 2020. *Table 6: Heat Map Compliance Rate - Annually* provides a visual representation of the performance levels for each area.

The current process for reviewing A&E contracts and collecting data through the use of the *Exhibit 10-C* form continues to have a positive impact on the LGA's awareness of the federal requirements. For 2020, the *Exhibit 10-C* process will be shifted to a web-based database that would allow for a much better data management practice and increase efficiency. Focused training and providing clear guidance continues to be the main goals for next year.

Resolutions for this report is to provide more guidance documents such as examples and sample forms. Also, clarify guidance in the LAPM *Chapter 10: Consultant Selection*, and provide statewide training focusing on the deficient measured areas.

The future goal of the A&E Oversight branch remains the same, which is to meet the 85% target goal. Recommendations are included in this report for reaching the targeted future goals.

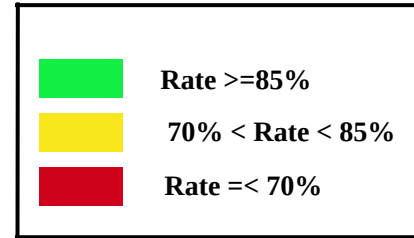> " *The performance measures demonstrated an overall compliance rate of 83%* "

TABLE 1. *2019 Performance Measures Compliance*

Procurement Planning — 69

Measure	Compliance
A&E Policies & Procedures	67%
Conflict of Interest	83%
CMSR	83%
Independent Cost Estimate	43%

Full & Open Competition — 89

Measure	Compliance
Public Solicitation/Advertisement	100%
Records of Procurement & Submittals	86%
DBE	81%

Qualifications Based Selection — 92

Measure	Compliance
Score Sheets Signed & Dated	95%
Secondary Score Sheets Retained	100%
Selection Criteria & Weights	100%
Selection Made Using Criteria Stated in RFP/RFQ	95%
Original Score Sheets Retained	95%
Task Orders Compliance	67%

Cost Is Fair & Reasonable — 72

Measure	Compliance
Method of Payment	95%
Price/Fee Negotiations	50%
Exhibit 10-H Cost Proposal	90%
Follow Audit Process	81%
Cost Analysis	45%

Contract Administration — 94

Measure	Compliance
Exhibit 10-C A&E Checklist	100%
Contract Approval/Authorization Action	95%
Contract Expiration Date	95%
Exhibit 10-R Provisions	86%

Heat Map of Performance Measures

Table 6. *Heat Map Compliance Rate - Annually*

PERFORMANCE MEASURES	2014	2017	2018	2019
A&E Policies & Procedures	Red	Red	Red	Red
Conflict of Interest	Red	Green	Green	Yellow
CMSR	(no data)	(no data)	Green	Yellow
Independent Cost Estimate	Red	Red	Yellow	Red
Public Solicitation/ Advertisement	Red	Green	Green	Green
Records of Procurement & Submittals	(no data)	Red	Yellow	Green
DBE	(no data)	(no data)	Green	Yellow
Score Sheets Signed & Dated	Red	Yellow	Green	Green
Secondary Score Sheets Retained	Red	Yellow	Red	Green
Selection Criteria & Weights	Red	Yellow	Green	Green
Selection Made Using Criteria in RFP/RFQ	Red	Green	Green	Green
Original Score Sheets Retained	Yellow	Green	Green	Green
Task Orders Compliance	(no data)	(no data)	Yellow	Red
Method of Payment	Yellow	Red	Green	Green
Price/Fee Negotiations	Red	Red	Red	Red
Exhibit 10-H Cost Proposal	Red	Yellow	Green	Green
Follow Audit Process	Yellow	Yellow	Yellow	Yellow
Cost Analysis	(no data)	(no data)	Red	Red
Exhibit 10-C A&E Checklist	Red	Green	Green	Green
Contract Approval/ Authorization Action	Red	Green	Green	Green
Contract Expiration Date	Green	Green	Green	Green
Exhibit 10-R Contract Provisions	(no data)	Yellow	Green	Green

Legend

Color	Rate
Green	Rate >=85%
Yellow	70% < Rate < 85%
Red	Rate =< 70%

BACKGROUND

23 CFR §172.1 requires State Transportation Agencies (STA) such as Caltrans to ensure that sub-recipients comply with the requirements of 23 CFR §172 in addition to the *2 CFR* §*200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards rule*. The master agreement between Caltrans and LGA's requires all agencies to follow the LAPM Chapter 10 for consultant contracts.

Federal Highway Administration (FHWA) considered A&E consultant contracts as a high-risk area in 2014. A&E consultant contracts is still a high-risk area. The A&E Oversight branch was created to reduce this risk and has continuously improved the LAPM and training to increase compliance since the first process review in 2014.

The process review performed in 2014 measured 15 areas of interest and set a baseline of compliance. The 2017 report measured the same 15 areas and included 3 more areas to establish a baseline for 18 areas for future comparisons. The 2018 process review added 4 additional areas for a total of 22 areas reviewed. In addition, the target goal of an 85% compliance rate was established. No other areas were added for the 2019 review.

Table 1: Performance Measures Compliance includes the full list of the 22 areas measured. The 5 areas that are being targeted for specific improvement in 2020 are highlighted in red. *Table 2: Overall Compliance Yearly* provides a comparison from 2014 to 2019.

LGA's are required to follow the LAPM *Chapter 10: Consultant Selection* when procuring contracts utilizing federal funds through the Division of Local Assistance (DLA). LAPM Chapter 10 is intended as a guide for LGA and includes the State and Federal requirements listed in 23 CFR §172.

Since the 2017 report, various measures were taken to increase compliance such as:

- Implemented a Consultant in a Management Support Role (CMSR) process
- Implemented the Exhibit 10-C review process
- Provided in-person training including a webinar for the Exhibit 10-C process
- Updated the LAPM Chapter 10
- Provided focused training at nine Caltrans districts in 2019
- Recorded a live A&E training webinar. Training is posted online at *dot.ca.gov/programs/local-assistance/guidance-and-oversight/consultant-selection-procurement*

Deficiencies below the target compliance rate of 85% were found in 9 of the 22 areas reviewed. The 5 most deficient areas are listed with their respective compliance rates:

- Independent Cost Estimate – 43%
- Cost Analysis – 45%
- Price/Fee negotiations – 50%
- Task Orders Issuance – 67%
- A&E Policies and Procedures – 67%

Most of these critical areas are directly related to the financial oversight of contracts. This creates a significant financial risk for LGA's.

The A&E Oversight branch will specifically focus on the five areas above. The areas that had compliance rates at or above 85% for the current and past reviews will be considered for removal in the next review.

The data from this review will be used to report LGA's compliance, improve guidance documents, and create focused statewide training.

Performance Measures

The 22 performance measures established and the data collected is used to determine the compliance of LGA's A&E procurement. In addition, the monitoring, measurements and analysis can assist in identifying where the areas of continuous improvements can be achieved and to develop and implement an action plan.

TABLE 1. 2019 Performance Measures Compliance

Procurement Planning   69

A&E Policies & Procedures	67%
Conflict of Interest	83%
CMSR	83%
Independent Cost Estimate	43%

Full & Open Competition   89

Public Solicitation/Advertisement	100%
Records of Procurement & Submittals	86%
DBE	81%

Qualifications Based Selection   92

Score Sheets Signed & Dated	95%
Secondary Score Sheets Retained	100%
Selection Criteria & Weights	100%
Selection Made Using Criteria Stated in RFP/RFQ	95%
Original Score Sheets Retained	95%
Task Orders Compliance	67%

TABLE 1. (Continued)

Cost Is Fair & Reasonable   72

Method of Payment	95%
Price/Fee Negotiations	50%
Exhibit 10-H Cost Proposal	90%
Follow Audit Process	81%
Cost Analysis	45%

Contract Administration   94

Exhibit 10-C A&E Checklist	100%
Contract Approval/Authorization Action	95%
Contract Expiration Date	95%
Exhibit 10-R Provisions	86%

PURPOSE AND OBJECTIVE

The purpose of this review is to assess compliance with Federal and State regulations for A&E consultant contracts procured by LGA. The information and data will be used to improve guidance, training, and oversight provided to the Districts and LGA's.

The objectives of the review were as follows:

- Determine if LGA comply with 23 CFR §172 – Procurement, Management, and Administration of Engineering and Design Related Services for contracts executed in FFY 2018-19.

- Identify deficient areas in the LGA's procurement processes, recommend changes to Local Assistance Procedures Manual (LAPM) *Chapter 10: Consultant Selection* guidance, and create an action plan for increasing compliance.

SCOPE AND METHODOLOGY

The A&E Oversight branch had collected *Exhibit 10-C: Consultant Contract Reviewers Checklist* for all A&E consultant contracts in FFY 2018-19. A sampling design was established to represent the whole population of Exhibit 10-C's (see *Table 2: Overall Compliance Yearly*). A representative sample for this report was designed to be random without bias from the population of interest, but still representative of the population as a whole. In FFY 2018-2019, there were a total of 610 Exhibit 10-C submittals, including project-specific and on-call contract type. From the 610 Exhibit 10-C submittals, there were 72 on-call contracts. A combination of stratified random sampling and systematic sampling was applied. The selection criteria of sample size included Federally funded projects, on-call contracts, contract amount equal to or greater than $150,000. In addition, only one on-call contract per LGA was chosen. The first contract from the list per LGA was selected. By doing this, twenty one (21) projects representative for ten (10) districts were selected. LGA's from District 7 and 11 did not have on-call contracts issued in FFY 2018-2019.

The review was a random sample of 21 federally funded on-call contracts greater than $150,000 chosen throughout the State. The team reviewed supporting documentation for Exhibit 10-C for 22 requirements chosen from 23 CFR §172 regulations.

Twenty-one (21) selected on-call contracts equivalent to 29% of the population were requested to provide supporting documents for this process review. This number meets the sample size calculation with a confidence level of 95% and a margin of error of 20%.

The sample size formula and parameters using a 95% confidence level is shown below:

$$\text{Sample size} = \frac{\dfrac{z^2 \times p\,(1-p)}{e^2}}{1 + \left(\dfrac{z^2 \times p\,(1-p)}{e^2 N}\right)}$$

Where:
- e is the desired margin of error at 20%.
- z is the z-score at 1.96 for a 95% confidence level
- p is the sample proportion of contracts in compliance. Assume p =0.5.
- N is the population size at 72 for on-call contracts received in FFY 2018-2019.

The required sample size per formula above is 19. The sample size used for this review is 21.

The A&E Oversight branch demonstrates with a 95% confidence level that the compliance of the 22 Federal requirements assessment lies between 63% and 100%. Appendix A contains the list of chosen projects and Appendix B contains the list of measured criteria.

A questionnaire checklist was created (Appendix B) that included relevant questions and the respective regulatory citation. Supporting documentation corresponding to the checklist questions were requested from the LGA's. The team then completed a review of the supporting documentation and analyzed the results.

Data Analysis

The data sets of performance measures for 2014 and 2017 through 2019 are presented in *Table 2 Overall Compliance Yearly*. The five lowest performance areas are highlighted in red.

Statistical tests were used to evaluate the performance measures of the LGA's A&E procurement. Table 3(a) to Table 4(b) compares the 2019 data statistical to 2014 and 2018.

Table 2: *Overall Compliance Yearly*

PERFORMANCE MEASURES	2014	2017	2018	2019	
A&E Policies & Procedures	38%	50%	60%	67%	
Conflict of Interest	13%	89%	95%	83%	
CMSR	-	-	100%	83%	
Independent Cost Estimate	9%	64%	78%	43%	
Public Solicitation/ Advertisement	56%	92%	95%	100%	
Records of Procurement & Submittals	-	53%	78%	86%	
DBE	-	-	90%	81%	
Score Sheets Signed & Dated	39%	78%	95%	95%	
Secondary Score Sheets Retained	40%	70%	65%	100%	
Selection Criteria & Weights	56%	81%	95%	100%	
Selection Made Using Criteria Stated in RFP/RFQ	68%	85%	95%	95%	
Original Score Sheets Retained	72%	89%	90%	95%	
Task Orders Compliance	-	-	71%	67%	
Method of Payment	76%	58%	90%	95%	
Price/Fee Negotiations	13%	69%	38%	50%	
Exhibit 10-H Cost Proposal	48%	78%	90%	90%	
Follow Audit Process	-	80%	78%	81%	
Cost Analysis	-	-	24%	45%	
Exhibit 10-C A&E Checklist	41%	92%	98%	100%	
Contract Approval/ Authorization Action	62%	92%	98%	95%	
Contract Expiration Date	86%	92%	93%	95%	
Exhibit 10-R Contract Provisions	-	81%	90%	86%	

Data Analysis

Table 3a: Performance Measures 2014 vs 2019

PERFORMANCE MEASURES	2014	2019	Trend
A&E Policies & Procedures	38%	67%	▲
Conflict of Interest	13%	83%	▲
Independent Cost Estimate	9%	43%	▲
Public Solicitation/ Advertisement	56%	100%	▲
Score Sheets Signed & Dated	39%	95%	▲
Secondary Score Sheets Retained	40%	100%	▲
Selection Criteria & Weights	56%	100%	▲
Selection Made Using Criteria Stated in RFP/RFQ	68%	95%	▲
Original Score Sheets Retained	72%	95%	▲
Method of Payment	76%	95%	▲
Price/Fee Negotiations	13%	50%	▲
Exhibit 10-H Cost Proposal	48%	90%	▲
Exhibit 10-C A&E Checklist	41%	100%	▲
Contract Approval/ Authorization Action	62%	95%	▲
Contract Expiration Date	86%	95%	▲
Average	**49%**	**87%**	

Table 3b: Statistical Test for Paired t-test, one tail

STATISTICAL TEST	
Paired Sample t-test	Ho: µ2019 = µ2014, α=0.05
p-Value < α = 0.05	Reject Null Hypothesis; Perform Comparison
p-Value > α = 0.05	Fail to Reject Null Hypothesis

From the Excel spreadsheet, for a paired t-test with one tail, p = 0.00000018 < 0.05. As a result, the null hypothesis is rejected. A comparison can be made to compare the performance measure between the two data sets. When reviewing the data in *Table 3a: Performance Measures 2019 vs. 2014*, a distinct conclusion can be made that the performance levels measured in 2019 are at a much higher level of compliance than in 2014.

Data Analysis

Table 4a: *Performance Measures 2018 vs 2019*

PERFORMANCE MEASURES	2018	2019	Delta
A&E Policies & Procedures	60%	67%	▲
Conflict of Interest	95%	83%	▼
Independent Cost Estimate	78%	43%	▼
Public Solicitation/ Advertisement	95%	100%	▲
Score Sheets Signed & Dated	95%	95%	◼
Secondary Score Sheets Retained	65%	100%	▲
Selection Criteria & Weights	95%	100%	▲
Selection Made Using Criteria Stated in RFP/RFQ	95%	95%	◼
Original Score Sheets Retained	90%	95%	▲
Method of Payment	90%	95%	▲
Price/Fee Negotiations	38%	50%	▲
Exhibit 10-H Cost Proposal	90%	90%	◼
Exhibit 10-C A&E Checklist	98%	100%	▲
Contract Approval/ Authorization Action	98%	95%	▼
Contract Expiration Date	93%	95%	▲
CMSR	100%	83%	▼
DBE	90%	81%	▼
Task Orders Compliance	71%	67%	▼
Follow Audit Process	78%	81%	▲
Cost Analysis	24%	45%	▲
Exhibit 10-R Contract Provisions	90%	86%	▼
Records of Procurement & Submittals	78%	86%	▲
Average	**82%**	**83%**	

Table 4b: *Statistical Test for Paired t-test, one tail*

STATISTICAL TEST	
Paired Sample t-test	Ho: µ2019 = µ2018, α=0.05
p-Value < α = 0.05	Reject Null Hypothesis; Perform Comparisons
p-Value > α = 0.05	Fail to Reject Null Hypothesis; ANalysis Ends

From the Excel spreadsheet, for a paired t-test with one tail, p = 0.423833 > 0.05. As a result, we fail to reject the null hypothesis. It can be conclude that the performance measures of 2018 and 2019 are not statistically different.

Data Analysis

The five most deficient areas in 2019 is compared to 2018 below.

1. A&E Policies & Procedures - shows an increase in compliance to 67% from 60% in 2018. Considering that the A&E policies and procedures was prescribed in the 2019 LAPM Chapter 10, the expectation was to achieve a compliance rate of 100%. The compliance rate for this area can increase as more support is gathered to promote the adoption.

2. Independent Cost Estimate – had a decrease in compliance mainly resulting from clearer interpretations of regulations, experience of reviewer and feedback from regulatory agencies.

3. Task Orders Compliance – had a decrease in compliance. It should be noted that out of the 21 selected on-call contracts, only three contracts were identified as multiple on-call contracts that require additional round of qualifications-based selection procedure. This data may appear to be an anomaly considering that LGA are very compliant with the competitive procedures. This is an area that will improve with more training and guidance to increase awareness.

4. Price/Fee Negotiations – had an increase in compliance. However, the achieved mark of 48% is below the target and will require further guidance and training.

5. Cost Analysis – improved on its compliance rate from 2018. The rate is very low and will require further training and more examples.

Table 5: Monitoring Deficient Areas Identified in 2018 shows the compliance rate for the deficient areas in 2018 and 2019 and the direction of the compliance rate. The 5 deficient areas identified above have been continuously out of compliance since 2014, when the first process review was performed.

Table 5: Monitoring Deficient Areas Identified in 2018

PERFORMANCE MEASURES	2018	2019	2-Year Trend
A&E Policies & Procedures	60%	67%	▲
Secondary Score Sheets Retained	65%	100%	▲
Independent Cost Estimate	78%	43%	▼
Records of Procurement & Submittals	78%	89%	▲
Task Orders Compliance	71%	67%	▼
Price/Fee Negotiations	38%	48%	▲
Follow Audit Process	78%	87%	▲
Cost Analysis	24%	48%	▲

OBSERVATIONS
AND RECOMMENDATIONS

<u>Objective #1</u>: **Determine if local agencies were in compliance with 23 CFR §172 –** *Procurement, Management, and Administration of Engineering and Design Related Services* **for contracts executed in FFY 2018-19**.

Observation
The LGAs have a rate of compliance between 63% and 100% (average overall 83%) amongst the 22 areas measured (95% confidence level and 20% margin of error).

Condition
The team reviewed 21 on-call contracts (Appendix A) out of 610 recorded Exhibit 10-C. The areas measured included 22 items considered significantly important for 2019 are listed in Appendix B.

Criteria
The A&E Oversight Process Review Questionnaire contains Federal requirements for procuring A&E contracts found in 23 CFR §172. LGA's are required to adhere to all of 23 CFR 172, and 22 requirements were chosen for review.

Cause
The federal regulations are detailed and comprehensive. Although necessary for ensuring competitive qualifications-based selection for A&E consultant contracts, LGA's are not currently knowledgeable of all the requirements.

Effect
Caltrans DLA, FHWA, and the Independent Office of Audits and Investigations (IOAI) all consider A&E consultant contracts as high risk. IOAI conducts audits and consistently finds deficiencies in A&E contracts, resulting in funding loss.

Compliance Issue:
Several measured areas do not meet the target goal of 85% compliance rate or the future compliance rate of 95%. There are 11 areas at 95% or above, 2 areas between 85% and 94%, and 9 areas below 85%.

Recommendation
Research and collaborate with FHWA, IOAI, stakeholders, and partners to clearly define and communicate expectations and

OBSERVATIONS AND RECOMMENDATIONS

regulations. Clearly define and communicate all requirements of the Federal regulations in the LAPM *Chapter 10: Consultant Selection* to serve as the standards for expectations and reviews.

Resolution
Caltrans will continue improving the risk-based review procedures of Exhibit 10-C and continue conducting annual process reviews to monitor compliance.

Objective #2: Identify deficient areas in LGA's procurement processes and recommend changes to LAPM *Chapter 10: Consultant Selection* guidance and create an action plan for increasing compliance.

The full list of areas reviewed are in Appendix B. The 22 performance measures are categorized under the five guiding principles:

- Procurement Planning
- Full and Open Competition
- Qualifications Based Selection
- Cost is Fair and Reasonable
- Contract Administration

Based on the 2019 performance data, the guiding principles *Procurement Planning* and *Cost is Fair & Reasonable* achieved rates that were below 85% target compliance rate. Refer to *Table 1: Performance Measures Compliance.*

Observation #2A: Procurement and Planning is the lowest performing category at 69%.

Condition
All four performance measures that support *Procurement and Planning* are under the target goal of 85%.

Criteria
In 23 CFR §172.5 and §172.7 provides the following requirements for the contracting agency:
- Adopt the written policies and procedures prescribed by the state agency.
- Have a conflict of interest policy.
- Receive approval from FHWA before utilizing a consultant to act in a management support role for the contracting agency.

OBSERVATIONS AND RECOMMENDATIONS

- Prepare a detailed independent estimate with an appropriate breakdown of the work or labor hours, types or classifications of labor required, other direct costs, and consultant's fixed fee for the defined scope of work. The independent estimate shall serve as the basis for negotiation.

Cause

LGAs do not fully understand the A&E procurement requirements and the procedures provided in LAPM Chapter 10.

Effect

Inadequate procurement planning will result in not meeting the 23 CFR §172 requirements. Two of the common procurement audit findings are the lack of A&E policies and procedures and an incomplete cost estimate use for negotiations.

Compliance Issue

A federal-aid A&E consultant contract not meeting the criteria section above is non-compliant with 23 CFR §172.

Recommendation

Caltrans will continue to simplify guidance and provide additional examples that meet the federal requirements.

Resolution

Caltrans will update the LAPM and provide more focused training on the deficient performance measures.

OBSERVATIONS
AND RECOMMENDATIONS

Observation #2B: Contract costs may be overpriced and not fair and reasonable.

Condition
LGAs do not appear to perform negotiations and cost analysis.

Criteria
Federally funded contract is required to be fair and reasonable as specified in 23 CFR §172.

Cause
LGAs do not fully understand the A&E procurement requirements and that contract cost is supported from negotiations and estimates.

Effect
The lack of not performing or not documenting activities that relate to supporting the contract cost may result in a higher contract cost amount.

Compliance Issue
A federal-aid A&E consultant contract not meeting the criteria section above is non-compliant with 23 CFR §172.

Recommendation
Caltrans should provide clear guidance or suggested forms that the LGA can adopt or model. Additional training on negotiation and cost analysis should be provided.

Resolution
Caltrans will provide better guidance tools and resources and provide more focused training on the deficient performance measures.

SUCCESSFUL PRACTICES

Training such as in-person training, short videos and live webinars have made the most impact on LGA's compliance. The training varied based on an LGA's level of experience. The team offered three distinct training: an overview of the procurement process, Exhibit 10-C specific training, and focused training including independent cost estimates, cost analysis, and DBE.

The process review performed near the end of 2018 identified cost analysis, A&E Policies and Procedures, price/fee negotiation, and secondary score sheets retained as the 4 most deficient items. These were part of the A&E Oversight branch focused training in 2019.

The process implemented in October 2017 requiring LGA's to submit Exhibit 10-C was critical for collecting pertinent data. This continues to be the most beneficial and practical way to ensure data collection. The team has also been able to continuously assess the health of the A&E Oversight program. Most deficiencies found during the year reviewing Exhibit 10-C's were verified with this process review further clarifying needed changes to the DLA program. For example, the cost analysis, and Policies and Procedures adoption were consistently identified as deficiencies while reviewing Exhibit 10-C's.

LAPM *Chapter 10: Consultant Selection* is very detailed for A&E consultant contract procurement. This is continuously updated based on the Exhibit 10-C risk-based reviews, training and survey feedback, and the annual process reviews. The LAPM is the primary guidance for LGA's.

Several tools and other guidance documents, such as the *cost analysis worksheet* and the *A&E Consultant Procurement Checklist* are provided to the LGA as further guidance. These tools were recently implemented towards the end of the FFY 2018-2019, so the effect on compliance will be assessed in 2020.

ACTION PLAN

Observation #1: The LGA's have an overall 83 % compliance rate amongst the 22 areas measured.

Resolution: The A&E Oversight branch will clarify the measured areas needed for future reports, modify LAPM Exhibit 10-C accordingly, and streamline the data collection process to improve efficiency.

Completion Target: December 1, 2020.

Observation 2#: The LGAs had 9 areas of the 22 measured below the goal of 85% target success rate. The deficiencies found include:

- A&E Policies and Procedures
- Conflict of Interest
- CMSR
- Independent Cost Estimate
- Records of Procurement & Submittals
- DBE
- Task Orders Compliance
- Price/fee Negotiation
- Cost Analysis

Resolution: The A&E Oversight branch will provide more guidance documents such as examples and sample forms. The team will conduct training throughout the State and focus on the deficient areas found in this review.

Completion Target: November 30, 2020.

Meet the Team

Name	Title
Felicia Haslem	Acting Office Chief of Office of Guidance and Oversight
John Yang	Acting Program Manager
The' Pham	Senior Transportation Engineer
Carol Green	Transportation Engineer
Trina Luo	Transportation Engineer

APPENDIX A

List of Local Agency On-call Contracts Selected				
District	Agency Name	Contract Amount	Contract Begin Date	Contract End Date
1	County of Humboldt	$430,000	01/09/2018	01/09/2020
2	Plumas Country Dept. of Public Works	$450,000	08/14/2018	08/14/2021
3	County of El Dorado, Department of Transportation	$950,000	10/04/2018	12/03/2021
3	City of Rancho Cordova	$996,600	12/01/2018	11/30/2023
3	Nevada County DPW	$200,000	04/01/2019	12/30/2020
4	Contra Costa County Public Works Department	$350,000	07/24/2018	07/24/2021
5	County of Santa Cruz	$3,000,000	04/16/2019	06/30/2022
6	City of McFarland	$180,000	12/20/2018	12/20/2023
6	City of Firebaugh	$1,000,000	01/01/2019	01/01/2022
6	Kern County Public Works (5950, 5961)	$999,999	04/30/2019	05/21/2019
6	City of San Joaquin	$995,000	05/07/2019	05/06/2022
8	City of Palm Springs	$900,000	01/18/2019	01/07/2022
8	Riverside County Transportation Commission	$300,000	04/01/2019	03/31/2022
9	City of California City	$975,000	02/01/2019	02/01/2022
10	Merced County Public Works	$2,500,000	09/17/2018	09/17/2021
10	City of Gustine	$500,000	11/01/2018	10/31/2021
10	City of Angels	$386,000	02/19/2019	06/30/2021
10	City of Los Banos	$949,000	03/21/2019	03/21/2024
10	City of Livingston	$995,000	04/01/2019	04/01/2022
10	City of Stockton	$250,000	04/30/2019	04/30/2022
12	City of Huntington Beach	$250,000	09/01/2018	09/01/2021

APPENDIX B

2019 A&E Oversight Process Review Questionnaire

Instructions:

1. Complete questionnaire by marking your response to each question with an X for the consultant contract procurement specified in the attached Exhibit 10-C.

2. Provide the supporting documents to the file-sharing folder per the instructions in the email for our verification.

3. Provide the filenames and page numbers to increase review efficiency and accuracy.

No	Description	Yes	No	Filename & cite page number	Acceptable Documentation
1.	Was there an independent cost estimate prior to review of proposals – 23 CFR 172.7(a)(1)(v)(B)?				Independent Cost Estimate (ICE)
2.	Did members involved in the procurement process complete the mandatory Conflict of Interest statements – 23 CFR 172.7(b)(4), LAPM Exhibit 10-T?				Exhibit 10-T Conflict of Interest & Confidentiality Statement
3.	Was price/fee negotiations documented – 23 CFR 172.7(a)(1)(v)(E)?				Emails, letter showing the negotiation process
4.	Were score sheets signed and dated?				Exhibit 10-B or equivalent.
5.	If oral interviews were conducted, were secondary score sheets retained – 23 CFR 172.7(a)(1)(iv)(F)?				Secondary score sheets. Documentation listing evaluation criteria for oral interviews.
6.	Was LAPM A&E Consultant Contract Reviewer Checklist (Exhibit 10-C) submitted?	N/A	N/A	No submittal required. Exhibit 10-C received.	N/A
7.	Does contract cost proposal meet LAPM standard (Exhibit 10-H)? (e.g., labor costs broken down into direct, indirect and profit components) – LAPM Chapter 10 and 23 CFR 172.11?				Cost proposals e.g. Exhibit 10-H Cost Proposal or equivalent
8.	Were selection criteria and weights properly defined in RFP/RFQ – 23CFR 172.7(a)(1)(ii)(C)? Used LAPM Exhibit 10-B?				Solicitation document, e.g., RFP/RFQ containing the selection/evaluation criteria with weights.
9.	Was RFP/RFQ solicitation by public announcement/advertisement – 23 CFR 172.7(a)(1)(i)?				Evidence of announcement. Posting documentation, e.g., newspaper, website posting, etc.

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No	Description	Yes	No	Filename & cite page number	Acceptable Documentation
10.	Does Local Agency have written Policy and Procedures for procuring A&E contracts – 23 CFR 172.5(a)(1)?				LAPM Chapter 10 adoption resolution or letter showing adoption date.
11.	Did Local Agency document contract approval/authorization action (e.g. council resolution)?				Contract approval, authorization or notice to proceed from authorizing body to award the contract, e.g. city, board, council resolution.
12.	Was selection made using criteria stated in RFP/RFQ – 23 FR172.7(a)(1)(iv)(D)?				RFP/RFQ & Exhibit 10-B
13.	Were original score sheets retained – 23 CFR 172.7(a)(1)(iv)(F)?				Exhibit 10-B or equivalent for each reviewer
14.	Is method of payment clearly identified in RFP/RFQ – 23 CFR 172.7(a)(1)(ii)(D)?				RFP/RFQ Solicitation document
15.	Does contract term have expiration date – LAPM Chapter 10, Exhibit 10-R?				RFP/RFQ Solicitation document
16.	Does contract have mandatory provisions specified in LAPM Exhibit 10-R?				Contract Provisions or Exhibit 10-R A&E Sample Contract Language
17.	Did Local Agency follow Audit Process?				An acceptance letter or email from the Independent Office of Audits and Investigations.
18.	Did Local Agency record procurement process and submittals 23 - CFR 172.5 and 2 CFR 200.318(i)?				Responsiveness checklist or documentation demonstrating that proposals received were verified to meet submittal due date, DBE requirements, proposal requirements, etc.
19.	Is the contract for a Consultant in a Management Support Role?				RFP/RFQ Solicitation document & Exhibit 10-U
20.	Was a cost analysis done - 2 CFR 200.323(a)?				Cost analysis documentation. Provide a narrative on how cost analysis was performed.

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No	Description	Yes	No	Filename & cite page number	Acceptable Documentation
21.	Were Task Orders issued in accordance with 23 CFR 172.7, 172.9?				Task order issuance among the selected, qualified consultants. Provide the offer letter or e-mail for the mini-RFP. If task order was issued geographically, indicate selection on a regional basis.
22.	Were DBE requirements met - LAPM Ch. 9 & 10?				Exhibit 9-D DBE Contract Goal Methodology
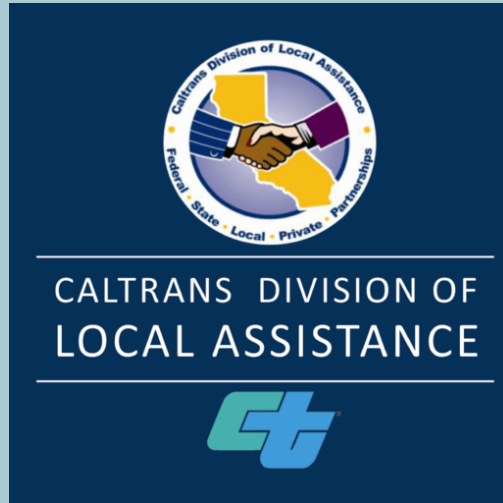
A&E
Oversight

A&E Oversight provides guidance on consultant contract selection for local agencies.

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dot.ca.gov/programs/local-assistance