



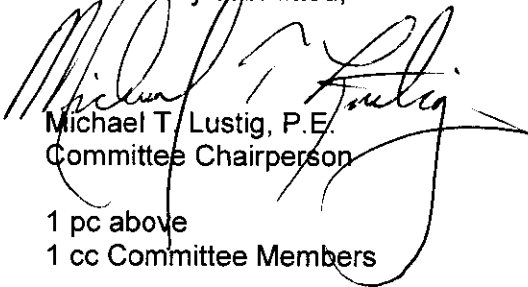
December 6, 2006

Mr. David Scott, Executive Director
American Council of Engineering Companies of Iowa
1000 Walnut Street, Suite 102
Des Moines, IA 50309

Dear Mr. Scott:

The Subconsultant Contract Committee has met five times and completed the goals identified at the initial meeting. With this letter, we are transmitting a report of Committee activities and our recommendations to the ACEC-IDOT Partnering Council. If the Partnering Council has questions, please feel free to contact either me or any of the committee members.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Michael T. Lustig', is written over the typed name and title.

Michael T. Lustig, P.E.
Committee Chairperson

1 pc above

1 cc Committee Members



**Report of
Subconsultant Contract Review Committee
ACEC-IDOT Partnering Council
December 6, 2006**

This report presents the results of five committee meetings and recommendations to the Partnering Council based on the work of the committee. The committee consisted of the following ACEC-IDOT members:

Michael T. Lustig, P.E.	Geotechnical Services, Inc.
Sirpa Hall, P.E.	CH2MHill
Gilbert A. Janes, P.E.	IDOT
Mitchell Dillavou, P.E.	IDOT
Linda Benson	IDOT
Roger Boydston	IDOT
Jason Holst, P.E.	IDOT
Ronald Meyer, P.E.	IDOT
Randall Schlei, P.E.	IDOT
Matthew Swanson	IDOT
Joseph Jurasic, P.E.	FHWA

The initial meeting of the committee was held on July 5, 2006, and the committee met four (4) more times with the last meeting on November 6, 2006. The committee developed a mission statement to help guide the work of the committee as follows:

- Identify and understand contractual issues resulting from contracts between the IDOT, prime consultant, and subconsultant.
- Develop guidelines for a consistent approach to contracting between prime consultants and subconsultants with IDOT.
- Provide recommendations to ACEC-IDOT Partnering Council.

We started with a discussion of concerns that IDOT and FHWA had experienced on IDOT projects. Our discussion identified a fairly long list of items considered essential to subconsultant contracts. The committee reviewed examples of prime-subconsultant contracts that were furnished by ACEC members. We determined that it was not within the purview or responsibility of the DOT or this committee to prescribe a specific form(s) of prime-subconsultant contract. In reviewing specific cases of concern and experience among committee members, the committee realized that language in the prime-subconsultant agreement that specifies the provisions of the prime-IDOT agreement apply to the subconsultant would address many, if not most, of the concerns. Based on our process of identification and discussion of items of concern, the committee assembled a list of recommendations for the Partnering Council that:

- Specific provisions should be included in the agreement between the prime consultant and IDOT.
- Specific provisions should be included in the agreement between the prime consultant and the subconsultant.

- Include a schedule for future development.

The following items should be addressed by modifying the IDOT Standard Agreement for consultants.

1. All provisions of prime consultant agreement with IDOT apply to the subconsultant and are attached to and become a part of the subconsultant agreement. Some of the key issues that should be specifically addressed:
 - Clear statement of the reimbursement type of contract between the prime and the subconsultant using Attachment C of 300.12.
 - All provisions of DBE clause in the prime agreement apply to the subconsultant. 300.12 Article 4.3.
 - Requirement for advanced written authorization of potential costs exceeding the authorized budget. 300.12 Article 4.3.
2. The Iowa DOT encourages open communication between all parties to a contract, and does not endorse any contract language that restricts communications between a subconsultant and the Iowa DOT. Therefore, it is understood that any communication between the subconsultant and the DOT is considered informal for information exchange, 300.12 Article 3.2.
3. Scope and budget has been signed as true and accurate by the subconsultant and is attached to the prime agreement.

The following five items are recommended to be addressed in the agreement between the prime consultant and the subconsultant.

1. Prequalification clause requiring subconsultant to remain prequalified in applicable IDOT work categories for the duration of the contract. 300.12.
2. Subconsultant will use an updated overhead rate throughout the course of the project, subject to final audit. Final invoice should include overhead adjustments. Consider a fixed overhead rate for smaller short term contracts 300.12 Article 3.1.1.2 (Cost Plus Fixed Fee).
3. Standard Iowa DOT invoice format, payment terms, and timely audit request language should be included in the prime – subconsultant agreement.
4. In the event of either a change in scope or nature of work, the prime and the subconsultant should enter into negotiations to promptly resolve the issue avoiding project delay. The prime should not require the subconsultant to continue to work without guarantee of payment for additional and/or changed scope of work.
5. Start and finish dates for the contract should be clearly defined; if the finish date changes, the change should be documented.

It is the opinion of the committee that the Partnering Council should schedule the following three items for future development.

1. Recommend that Iowa DOT prepare a standard format for the prime and subconsultant budget.

2. Recommend that Iowa DOT amend the standard agreement to clarify 300.12 Article 4.3 regarding what constitutes adequate documentation for extra work.
3. Recommend that Iowa DOT revise standard agreement to clarify 300.12 Article 1.5 to be consistent with 300.12 prequalifications.

The committee appreciates the opportunity to review important contract issues and keep communications open between ACEC members and the IDOT.