Mission

Work with our TxDOT customers and external partners to procure the most qualified consultants to deliver effective solutions for Texas.

Goals

Deliver the right projects; Focus on the Customer; Foster Stewardship; Optimize System Performance; Preserve our Assets; Promote Safety, and Value our Employees.

Values

People, Accountability, Trust, Honesty.

Professional Engineering Procurement Services represents the consolidated procurement organization supporting engineering, architectural and surveying contracts.
Prop 7 significantly increases TxDOT Letting Volume

Baseline
Additional MAP-21
Proposition 7

$4.3 Billion Average Letting (FY 2012 – 2016)

$6.5 Billion Average Letting (FY 2017 – 2025)
NOTE: FY 19 to FY 20 are projections only.
### FY 2019 Procurement Year

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Total Sum of Total Procurement Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architecture</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>Bridge Inspection</td>
<td>$100,750,000</td>
</tr>
<tr>
<td>Bridge On/Off Replacement</td>
<td>$52,000,000</td>
</tr>
<tr>
<td>Construction, Engineering, Inspection (CEI)</td>
<td>$349,200,000</td>
</tr>
<tr>
<td>CPM</td>
<td>$400,000</td>
</tr>
<tr>
<td>Engineering</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>Engineering Other</td>
<td>$3,000,000</td>
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<tr>
<td>GEC/PMC</td>
<td>$83,000,000</td>
</tr>
<tr>
<td>Geotechnical</td>
<td>$7,500,000</td>
</tr>
<tr>
<td>Hydraulic</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Materials Engineering</td>
<td>$14,175,000</td>
</tr>
<tr>
<td>Planning</td>
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<tr>
<td>Plans, Specifications and Estimates (PS&amp;E)</td>
<td>$260,575,000</td>
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<tr>
<td>Procurement Engineering</td>
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<tr>
<td>Schematic</td>
<td>$4,500,000</td>
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<tr>
<td>Schematic / Environmental</td>
<td>$97,600,000</td>
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<tr>
<td>Schematic/Environmental/PS&amp;E</td>
<td>$89,100,000</td>
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<tr>
<td>Survey</td>
<td>$19,225,000</td>
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<tr>
<td>Traffic Engineering</td>
<td>$37,250,000</td>
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<tr>
<td>Utility Engineering</td>
<td>$30,550,000</td>
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<tr>
<td>Value Engineering</td>
<td>$6,000,000</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$1,214,225,000</strong></td>
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</tbody>
</table>

- This is draft FY19 Procurement Plan
- There are between $100 to $200 M in contracts still to be identified for FY19
- FY19 plan includes discipline specific procurements that will be targeted regionally or locally to support District project development efforts
PEPS Procurement Tips (Don’t get disqualified)

- Check that all mandatory forms are in your package
- Keep alert to amendments
- Ask questions when you have the opportunity
- Showcase your Project Manager and task leaders
- Focus on providing challenges, solutions and lessons learned
- Present innovative ideas or alternatives
- Be clear, concise and technical
- Use space wisely, it is not for marketing
- QA/QC the Statement of Qualifications
- Use your best examples
- Check your Non Listed Category (NLC) experience requirements
PEPS Procurement Process

- Automated Admin Qualifications and Precertifications
- Immediate Disqualification notification
- Over 50 new precertifications in FY 2018
- Better mix of Indefinite (ID) and Specific Deliverable (SD) contracts
- General Engineering contracts (GEC) are Specific Deliverable
- Q&R focus on team experience without TxDOT references
- Project manager and task leader replacement
- Electronic Statement of Qualification submittal
- Removing Statement of Qualifications from Federal Process
- Automating NLC experience check
PEPS Debriefs

- Debriefs happening sooner
- On ID contracts as soon as selections are announced
- On SD contracts as soon as short list is announced
- Group debriefs being offered
- Individual debriefs still provided
- Meaningful debriefs of 1 hour or more
- Winning debriefs will be provided by PEPS Division Director
PEPS Negotiation Process

- Consultants fill out initial rate card
- Indicate if previous similar rates recently negotiated
- PEPS has expanded the range of the Negotiations Rate Tool
- Recommend proceeding to live negotiation after two rounds
- No more 24 hour gauntlets
- Added an appeal procedure in the process for TxDOT to be able to walk away from contract negotiation
- TxDOT Salary Survey coming out in June 2018
## 50 Day Work Authorization status

### COMPLETED WORK AUTHORIZATIONS

Average Working Days to Complete - 50 Working Days Metric

<table>
<thead>
<tr>
<th>SCM</th>
<th>April Completed Work Authorizations</th>
<th>April Average Days to Complete</th>
<th>March Average Days to Complete</th>
<th>February Average Days to Complete</th>
<th>January Average Days to Complete</th>
<th>December Average Days to Complete</th>
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<td>62</td>
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<tr>
<td>SC-DIV</td>
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<td>40</td>
<td>24</td>
<td>16</td>
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<td>31</td>
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</tbody>
</table>

| **Statewide Average** | 48 | 43 | 39 | 49 | 52 |
Multi Year Work Authorization Trend
Invoice Process

- Number of invoices has tripled
- Payment of invoices is required within 30 days or pay interest
- Payments on time have increased from 88% on time to 94% on time
- Best practices memo regarding allowable reductions of less than 1% in lieu of invoice rejection

MEMO

To: District Engineers / Division Directors
From: William L. Hale, P.E.
Chief Engineer

Subject: Invoicing Process for Professional Services Contracts

Activities involved with processing invoices are shared between PEPS, the Districts and Divisions. Below are several procedures that should be adhered to when processing invoices:

1. **Invoice reduction.** Monetary reductions by department staff on invoices are allowed and should not exceed 1% of the total invoice amount. The reduced invoice will only be acceptable with documentation and concurrence from the Vendor. If a monetary error results in an increase, the invoice will be rejected, and returned to the Vendor for corrections and resubmission. Monetary reductions above 1% of the total invoice amount shall be escalated to the PEPS Division Director for approval before payment is allowed. Regarding Lump Sum contracts, partial payments are not allowed. Payments on Lump Sum contracts are based solely upon the Table of Deliverables in the executed WA.

2. **Review Processes.** Districts and Divisions perform one (1) of three (3) review processes for payment of invoices: routine, random and periodic. Routine process consists of a 100% review of initial invoice, including all worksheets and backup, followed by a 30% review of all invoices following approval of initial invoice. Random selection and periodic review processes are used in concurrence with the routine review process.

3. **Per Diem.** Per Diem reimbursement should only be allowed when an overnight stay is required, and must follow the federal guidelines for reimbursement.

4. **DocuSign.** DocuSign is the approved method for signing invoices for Professional Services contracts. Department staff shall use DocuSign in their payment of invoices.

Please contact the PEPS Division Director, Martin L. Rodin, P.E. at 512-416-2038 for assistance.
PEPS Invoice Center

- Created to move invoice management from individual PEPS Service Centers to one center
- Tira Dobrozensky from PEPS Central hired to manage twelve contract specialists whose sole job is to process invoices
- Twelve contract specialists hired in April and May
- PEPS Central, Dallas, San Antonio and Houston invoices rolled under the new Invoice Center in May 2018
- PEPS El Paso, Austin and Fort Worth invoices will roll into the new Invoice Center in June 2018
- PEPS Service Center for Divisions invoices will roll into the new Invoice Center in July 2018
Evaluation Process – Sunset and PSCAMS Update

- Rolled out new system in PSCAMS in April 2018
- Percentage of prime provider evaluations completed is increasing
- Tracking evaluations per Sunset guidelines
- Monthly progress report going out to all DE/DD
- Local approval built into new evaluation process
- Appeal through PEPS Division Director

MEMO
April 20, 2017

To: District Engineers/Division Directors

From: William Hale, P.E.
Chief Engineer

Subject: Consultant Prime Provider Evaluations

The Department is being tasked with delivering an ever increasing number of projects and relies on consultants to help us deliver these projects. It is imperative that we work effectively and efficiently with consultant prime providers to produce high quality results. At times, there may be consultants who are not performing at the level we need, which wastes valuable time and resources and also puts delivery of our project portfolio at risk.

Effective communication is our most valuable tool for working with consultant prime providers. The Sunset Advisory Commission identified in their 2016 review of the Department that we were not completing consultant evaluations annually on the bulk of our consultant contracts. By not completing annual contract evaluations or end of project evaluations, we are putting the Department at risk for repeatedly selecting poor performing consultants. We must have an honest and defensible evaluation of consultant contracts annually and at project terminations, per Sunset recommendations.

Each TxDOT project manager shall complete an annual evaluation and shall complete an end of project evaluation on each consultant contract that they are managing currently. Each TxDOT project manager shall also complete an interim evaluation any time that a consultant is not performing to expected standards for the Department.

PEPS Division will assist in this effort by providing reminder e-mail notices to District and Division project managers when contracts are due for annual evaluations and when contracts are due for end of project evaluations. For assistance or questions on this issue, please contact PEPS Division Director, Martin L. Rodin, P.E. at 512-416-2038.
CEI - Preclusion Process

- Non-design subs are allowed to proceed from PS&E to CEI
- TTI performed nation-wide study of best CEI practices
- Preparing an executive report with recommendations
- Proposed sanctions and required training
- Needs commission approval
- Ultimately rely less on preclusion as our mitigating tool
Mergers and Acquisitions – The Process

First Step:
- File with Secretary of State and Texas Comptroller
- Notify TxDOT Contract Services, Office of General Counsel and PEPS Division

Next Steps:
Precertifications
- Coordinate name changes with PEPS staff
- Move employees in CCIS to newly established firm

Administrative Qualifications
- Establish name of the company that will carry forward
- Identify name of company that will cease to operate
- Consider timing of merger within the TxDOT fiscal year
- Coordinate with PEPS Administrative Qualifications section to determine new overhead rate
Mergers and Acquisitions – Issues

Staffing

• Most frequent issue is staff reductions or reassignments

• Principal firm often wants to reduce expenses of the acquired firm

• Salaries are the most significant expense

• Staff reductions or reassignment of staff create challenges for TxDOT on active contracts, as well as with ongoing PEPS procurements and solicitations

• When staff leave firms or are reassigned, TxDOT is left with potential DQ issues, PM replacements and evaluating the capacity of the new firm to deliver on their contract
Mergers and Acquisitions – Issues

Pre-certification

• Issue with pre-certification is timing
• Need to consider when to move pre-certifications
• Duplicate pursuits create challenges as one firm will have to give up a contract if both are selected
• Duplicate pursuits may cause TxDOT to have to award additional contracts
• It is the responsibility of firms to decide when changes are implemented
Mergers and Acquisitions – Issues

Administrative Qualifications (AQ)

- Timing is the main issue
- A merger/acquisition impacts our ability to review their status and provide an AQ rate
- If merger occurs during the annual renewal, only one rate from one firm is considered
- To review multiple firm rates could force the firm to operate for a year without a rate
- Mergers/acquisitions require a more detailed AQ review
- If either firm was using a cognitive letter, it is no longer valid which requires a full AQ review
- Communicate with PEPS Division early and often
IS IT WORKING?

- Initial screening is faster
- Disqualifications are down by 90%
- DQ notice is immediate
- Debriefs are getting better
- Debriefs are starting earlier
- Negotiations are improving
- WA are monitored weekly
- WA are executed sooner
- Invoices paid sooner and better
- Contracts shared across SCM
- Feedback openly requested

YES!
And Now for the Second Time Ever!

2nd Annual Conference

November 27-28, 2018
AT&T Executive Education & Conference Center
Austin, Texas