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PennDOT Policy Changes and ECMS

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PennDOT Policy Changes

- Clarification on Consultant Agreement Signature Authority
- Increase negotiation authority dollar amount
- Consultant invoice period 4 to 6 weeks
- Standard sub agreement attach to tech proposal
- FHWA Final Rule
- Multiple Open Ends in 1 advertisement- additional QBS required or specific regions
- Profit Limited to 15%
- Additional conflict of interest statements

PennDOT Policy Changes

- Any reference to Consultant in Pubs includes Primes and Subs
- Include invoicing procedures in Consultant Quality Plan
- Advanced Notice to Proceed for Work Orders
- Voluntary Lower Overhead Rate
- Consultant Inspection Wage approvals, etc
- Invoice warning 50% and 75 % Payroll Costs
- Do not work with out an approved agreement



ECMS

ECMS Changes

- Implemented
 - Multiple Payment Methods for Open Ends
 - Invoice warnings at 50% and 75% payroll
 - All questions in ECMS
 - Anticipated NTP for agreement and work order
 - Consultant Evaluations for Construction Inspection updated
- Consultant Requests

Data Mining

Profit Factors and Mean Overhead Rate

2014

Office 152.09%

Field 112.24%

2015

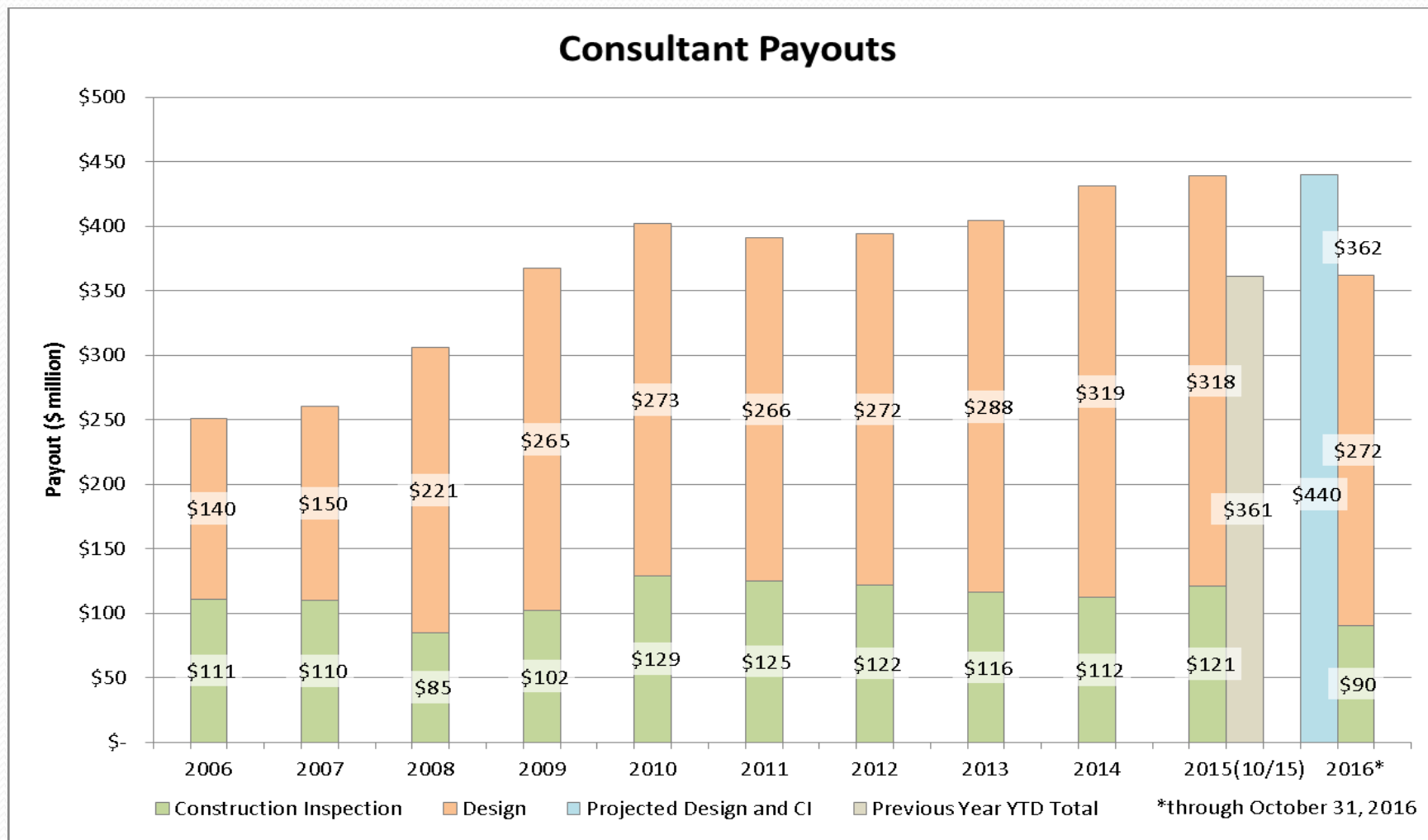
Office 152.46%

Field 114.64%

2016

Office 151.68%

Field 116.27%



| <u>Advertised Agreements and Selections: 2009 - 2016</u> | | | | |
|---|------------------------------|--------------------|------------------------------------|--------------------------------------|
| | | Design + CM | Construction Inspection | Total (Design + Con Insp) |
| | | | | |
| Advertised Agreements | 2009 | 106 | 107 | 213 |
| | 2010 | 153 | 112 | 265 |
| | 2011 | 156 | 84 | 240 |
| | 2012 | 227 | 59 | 286 |
| | 2013 | 200 | 59 | 259 |
| | 2014 | 151 | 79 | 230 |
| | 2015 | 146 | 86 | 232 |
| | Ending 10/31/2015 | 124 | 64 | 188 |
| | Ending 10/31/2016 | 152 | 50 | 202 |
| | | | | |
| Selections | 2009 | 124 | 104 | 228 |
| | 2010 | 130 | 111 | 241 |
| | 2011 | 143 | 82 | 225 |
| | 2012 | 221 | 67 | 288 |
| | 2013 | 208 | 60 | 268 |
| | 2014 | 150 | 69 | 219 |
| | 2015 | 142 | 77 | 219 |
| | Ending 10/31/2015 | 114 | 71 | 185 |
| | Ending 10/31/2016 | 141 | 54 | 195 |

| Statewide Totals** | |
|---------------------------|-------------|
| 2012 | 1012 |
| 2013 | 962 |
| 2014 | 982 |
| 2015 | 976 |
| 2016* - CI | 162 |
| 2016* - Design | 614 |
| 2016* - Total | 776 |

| Statewide Totals** | |
|---------------------------|--------------------|
| 2012 | \$ 640.92 M |
| 2013 | \$ 613.67 M |
| 2014 | \$ 692.20 M |
| 2015 | \$ 716.77 M |
| 2016* - CI | \$ 121.10 M |
| 2016* - Design | \$ 545.96 M |
| 2016* - Total | \$ 667.07 M |

* Through October 31, 2016

** Includes ECMS, State Paper and Local Agreements

Federal Acquisition Rate (Overhead) Submissions

- Overhead submittal rejection rate steady at 60%+

| | 2016 Timestamp Year | | 2015 Timestamp Year | | 2014 Timestamp Year | |
|------------|------------------------|-----|------------------------|-----|------------------------|-----|
| Approvals | 389 | 39% | 413 | 35% | 380 | 33% |
| Rejections | 616 | 61% | 765 | 65% | 765 | 67% |
| Submittals | 1,005 | | 1,178 | | 1,145 | |

- Data as of Nov 2016

Federal Acquisition Rate (Overhead) Submissions

- Rejection Reasons for submittals

| Rejection Comments | 2016% | 2015% | 2014% |
|---------------------------|-------|-------|-------|
| "trial balance" | 37% | 32% | 41% |
| "NCM" | 36% | 56% | 59% |
| "allowable" | 26% | 28% | 19% |
| "executive comp" | 18% | 25% | 43% |
| "allowable indirect cost" | 15% | 11% | 9% |
| "maximum overtime" | 5% | 5% | 5% |
| "directly related" | 4% | 3% | 3% |
| "legible" | 1% | 1% | 1% |

- The rejection comments point out the issue within the submittal. For example, “allowable indirect cost” implies problems with differentiating allowable and unallowable costs in the submittal. For more details, see Chapter 8 of the 2012 AASHTO Uniform Audit & Accounting Guide.

Processing of Subconsultant Invoices

- Normal type invoices only

| Invoice Approval Year | Ave Days Sub Submits to Prime Submits | Ave Days Prime Submits to PM Approves | # of Invoices | Sum Value of Invoices |
|--------------------------|---|---|------------------|--------------------------|
| 2016 | 32.63 | 8.58 | 11,787 | \$94.42 M |
| 2015 | 30.76 | 7.07 | 13,805 | \$111.18 M |
| 2014 | 29.48 | 6.55 | 13,542 | \$103.20 M |

Processing of Subconsultant Invoices: Top 20 firms by 2016 Payouts

- Normal type invoices only

| Invoice Approval Year | Ave Days Sub Submits to Prime Submits | Ave Days Prime Submits to PM Approves | # of Invoices | Sum Value of Invoices |
|--------------------------|---|---|------------------|--------------------------|
| 2016 | 33.21 | 7.70 | 7,449 | \$68.83 M |
| 2015 | 30.07 | 7.04 | 8,445 | \$76.07 M |
| 2014 | 28.72 | 6.65 | 8,203 | \$65.73 M |



Questions?