ARIZONA DEPARTMENT OF TRANSPORTATION
INTERMODAL TRANSPORTATION DIVISION
ENGINEERING CONSULTANTS SECTION
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February 23, 1998

Engineering Consultants Section

INFORMATION BULLETIN 98-12

TO: Consultants

FROM: Engineering Consultants Section

SUBJECT: Commercial Item Pricing - Geotechnical Engineering Services

The Arizona Department of Transportation, along with the Arizona Consulting Engineers Association and members from the Geotechnical Engineering Community have partnered a procedure for supporting costs during cost negotiations. Effective immediately, firms providing geotechnical services generating more than 50% of their revenue from the commercial market place may submit Commercial Item Pricing. Attached is the policy.

If you have any questions in regard to this Information Bulletin, please call the Engineering Consultants Section at 255-7525.

Attachment

ARIZONA DEPARTMENT OF TRANSPORTATION

COMMERCIAL ITEM PRICING - GEOTECHNICAL ENGINEERING SERVICES

POLICY OBJECTIVE:

Provide fair and reasonable pricing to ADOT while allowing Geotechnical engineering firms (Geotech Consultants) to be paid competitive prices for their services, as an alternative to applying cost principles outlined in FAR Part 31 and the Cost Accounting Standards. A Schedule is attached identifying to what services the following POLICY applies.

POLICY:

- Applies to Geotechnical engineering firms (Geotech Consultants) generating more than 50% of their revenue from the commercial market place. (If a Geotech Consultant does not meet this requirement, it may submit its pricing for evaluation. ADOT will determine if it can accept prices proposed as competitive.)

- Qualifications based selection will continue to be used.

- Initial Price Proposals submitted by Geotech Consultants for all services, including Materials Lab Test Fees, Subcontractors and Expenses, shall be subject to a commercial pricing audit. ADOT auditors, or designees, will be allowed to audit selected commercial client invoices to ensure that prices proposed represent the Auditee's most favored customer price for like quantities of the same or substantially the same items.

- All Price Proposals of selected Geotech Consultants will be negotiated by ECS.

- FAR 12.207 Contract type.
  "Agencies shall use firm-fixed-price contracts [Subpart 16.202] or fixed-price contracts with economic price adjustment [Subpart 16.203] for the acquisition of commercial items. Indefinite-delivery contracts (see Subpart 16.5) may be used where the prices are established based on a firm-fixed-price or fixed-price with economic price adjustment. Use of any other contract type to acquire commercial items is prohibited."

TRANSITION:

The following options are available for contracts containing Geotechnical engineering services that have been signed subject to the audit of overhead rates either (a) Advertised after November 24, 1996, or (b) Identified by Geotechnical Consultants:

- Each contract will be evaluated regarding status of work performed. Regarding the Geotech services portion of contracts, ECS will determine whether it is in the best interest of both parties to: (1) negotiate a fixed overhead rate or (2) convert the services performed to negotiated commercial pricing based on audited Price Proposals.

  Regarding option (1) Audit & Analysis is available to assist in determining fair and reasonable overhead rates.

ARIZONA DEPARTMENT OF TRANSPORTATION

COMMERCIAL ITEM PRICING - GEOTECHNICAL ENGINEERING SERVICES

Schedule of Geotechnical Services

Geotechnical reports and services, including:

- Field and laboratory testing and equipment
- Field, laboratory and office personnel
- Analytical testing and equipment (environmental)
- Subcontractors, such as drill rigs, back hoes, exploration equipment, etc.