

# MINUTES

## Professional Liaison Meeting

DATE: January 28<sup>th</sup>, 2010  
TIME: 1:00-3:00 p.m.  
LOCATION: District 4  
111 Grand Avenue  
Oakland, CA 94612

### CALTRANS STAFF

Balsi, Mark (Analyst, Consultant Services Unit)  
Blampied, Nigel (Principal TE, Program & Project Mgmt.)  
Faustino, Marian (Branch Chief, Consultant Services Unit)  
Fuentes, Romy (Branch Chief, Consultant Services Unit)  
Ng, Stewart (Deputy District Director, Program/Project Mgmt.)  
Nguyen, Trinity (Office Chief, Consultant Services Unit)  
Singh, Anup (Coordinator, DPAC)  
Tsang, Kee (Contract Manager, Consultant Services Unit)  
Turner, Dorothy (Analyst, Consultant Services Unit)  
Yuan, Bo (Contract Manager, Consultant Services Unit)

### Invited Speaker

Fackenthall, Bill (Chief, Div. of Procurement & Contracts)  
Campbell-Smith, MaryAnn (Chief, External Audits, Local Govt.)  
Aguila, Carlos (Chief, External Audits, A&E, Constructn., Prop. 1B)

### CONSULTANTS

Aikawa, Mark (CH2MHILL)  
Boll, Stephen (Kleinfelder)  
Blomquist, Dan (Kimley-Horn & Associates, Inc.)  
Butcher, Raewyn (Ghirardelli Associates)  
Carney, Craig (Harris & Associates)  
Castaldo, Steve (TRS)  
Chadwick, Brad (Harris & Associates)  
Chafin, Gavin (WRA Environmental Consultants)  
Chiu, Julie (Mark Thomas & Company, Inc.)  
Christman, Pat (Towill)  
Collins, John (Vali Cooper & Associates, Inc.)  
Collins, Nicole (Shah Kawasaki Architects)  
Creech, Kitty (Davillier-Sloan)  
Dickerman, Cal (Consolidated Engineering)  
DiFrancia, Michele (HNTB)  
Doll, Hank (Vali Cooper & Associates, Inc.)  
French, Jim (AMEC)  
Glerum, Andrea (Jacobs)  
Gritz, Garrett (RBF Consulting)  
Gunderson, Adrian (HDR Engineering, Inc.)  
Hopkins, Ted (Shannon & Wilson, Inc.)  
Hostert, Kevin (TRC)  
Ingles, William (CH2MHILL)  
Kim, Jihyoung (Jacobs)  
Krumrei, Edward (Chaudhary & Associates, Inc.)  
Le, Khoi Mai (CHS Consulting Group)  
Lehane, Andrew (SHAW)  
Leslie, Stephanie (Arcadis)  
Lindemann, Henry (Acumen Building Enterprise, Inc.)  
Lindskog, Curtis (Shaw Environmental & Infrastructure Group)  
Ly, Amy (WRECO)  
Makdessi, Simon (RMA Group)  
Masdeo, Dan (PB Americas)  
McManus Terence (Kleinfelder)  
Morgan, Kerry (CALTROP)  
Murthy, Raj (Hatch Mott Macdonald)  
Nguyen, Tuan (URS)  
Nedell, Rick (Anchor)  
Park, Jaemin (Ghirardelli)  
Poling, Ellen (Fehr & Peers)  
Rice, Ken (Summit Associates)  
Ross, Don (CH2MHILL)  
Sana, Frank (VSCE)  
Sathiamurthy, Ramesh (URS)  
Sheldon, Tyler (Jacobs)  
Scott, James (S & C Engineers, Inc.)  
Smyth, Nicholas (URS)  
Tanaka, Richard (Mark Thomas & Company, Inc.)  
Vincent, Carla (Parsons)  
Weber, Agnes (Vali Cooper & Associates, Inc.)  
Wheat, Bob (Wheat Land Surveying)  
Yu, Ming-Chen (AMC Consulting Engineers, Inc.)



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**Quarterly Professional  
Liaison Meeting Minutes  
January 28th, 2010  
Park View Room #15-700  
01:00 pm - 03:00 pm**

### *Introduction / Executive Staff Address*

Trinity Nguyen, Office Chief, Consultant Services Unit (CSU), welcomed the attendees, called the meeting to order, and introduced Stewart Ng, Deputy District Director, Program and Project Management. The following is a brief summary of the topics covered in Mr. Ng's address to the consultants:

- Budget discussions will ramp up over the next few months.
- District 4 workloads are projected to remain flat for the next year, apart from a 232 increase related to the Antioch and Dumbarton Bridge projects.
- The high-speed rail program will provide contracting opportunities for consultants. It is anticipated that District 4 will only be involved in performing oversight.
- The Department will not add additional staff to the payroll, due to the budget and current economy.
- Consultants are welcome to attend the Small Business Council meetings.
- District 4 is working towards pre-qualifying consultants, so that work may be assigned via task orders.
- The Small Business Council and District 4 are working at breaking down larger projects into smaller functional tasks to provide more work for small businesses. Over the last year, District 4 broke down three projects in 10 smaller projects to provide small business opportunities.
- Stimulus-2 funding was passed by the House of Representatives but still needs approval by the Senate.
- In anticipation of Stimulus-2 funding, District 4 is creating a list of tentative construction projects. These projects would carry criteria requiring that 90 days after the signature of the bill the contracts must be signed, not awarded, by Construction.

Mr. Ng extended an opportunity for the attendees to ask questions relative to the topics of discussion, and to introduce themselves and their firms.

### **Q&A:**

Please clarify that the first half of the Stimulus-2 money is \$1.3 billion rather than \$1.3 million and is it statewide?

- Correct, the first half of the Stimulus-2 money is \$1.3 billion; the total amount voted was 2.6 billion and the funds will be dispersed statewide.

Will the State implement DBE and BVBE goals on the P3 Doyle Drive Project?

- The intent is to do so, but we are not sure what the goals will be at this point. This issue is currently being analyzed, and will come out the first of February 1, 2010.

What are some of the main issues that will impact the budget and the economy?

- The three main issues that will impact the budget are Stimulus-2 Funds, the success of future bond sales, and whether proposition 42 funds are used for non-transportation projects.

### *District 4 and Statewide Updates*

Mrs. Nguyen made a motion to approve the October 29, 2009, meeting minutes. The motion was approved. Further topics of discussion were continued as follows:

- Ms. Laurie Berman was named as the new Director of District 11.
- Ms. Norma Ortega was named as the new Chief Financial Officer.
- Ms. Mona Pasquil was named as the Acting Lieutenant Governor, taking over for Congressman John Garamendi.

Romy Fuentes, Branch Chief, CSU, was introduced. Mr. Fuentes provided the group with handouts containing information on the following:

- Notice of Intent to issue a Request for Qualifications on the Presidio Parkway Project



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- Minor B Project Limit Changes
- D4 recently awarded and upcoming A&E contracts

**Q&A:**

Contract term and dollar amounts on the two spreadsheets are different. Which spreadsheet prevails?

- The information provided on the 11X17 multi-colored handout prevails, because it provides a better assessment of the contracts, and the Contract Managers provided the information.

When will the contracts be advertised?

- Advertisement will take place on February 1, 2010, and interviews will begin at the end of March.

Why are on-call, design engineering contracts excluded from the handout?

- On-calling design engineering is not on the Look Ahead report, but on-call engineering is needed and will be included on future reports.

***District 4 Contract Updates***

Mrs. Nguyen informed the attendees that they received an informational sheet, titled District 4 Useful Resources for Architectural and Engineering, and that the sheet contains links that the consultants may use to access DPAC websites, Look Ahead Reports, and information relating to upcoming meetings. Ms. Nguyen then introduced Bo Yuan, Contract Manager, CSU, to cover information on the Look Ahead Report. The following is a list of topics discussed in his presentation:

- Upcoming Construction inspection Contracts for D4
- Existing Construction Contracts for District 4
- New Construction Support Contracts (CPM Scheduling/Inspection)
- Eastbay/Southbay and BBO corridor contracts to be executed by June 30<sup>th</sup>
- New Construction Support Contract for Doyle Drive Project (Segments 3 & 4) has been cancelled
- Federal DBE and DBVE requirements vs. State requirements

**Q&A:**

Does the dollar amount listed on the slide include field and office support and OE costs?

- The dollar amount for field office support and OE costs are included. However, until the RFQ comes out with the dollar amount advertised, please be aware that these numbers are subject to change. Also, due to comments and feedback from our consultant community, information noted as solicitation status, will now be listed as anticipated advertisement dates. This information will be the proposed date for procurement for statewide projects.

Please verify the goals for UDBE participation, per federal requirements, and the disparity studies?

- The information provided actually establishes goals higher than the federal requirements for construction contracts. The RFQ will provide you with UDBE percentage participation goals.

Mr. Yuan may be reached at [bo\\_yuan@dot.ca.gov](mailto:bo_yuan@dot.ca.gov) or (510) 622-1649.

***Featured Speakers***

Mrs. Nguyen introduced Mr. Bill Fackenthall, Chief, Department of Procurement and Contracts (DPAC); Mr. Carlos Aguila, Chief, External Audits, A & E, Construction, Proposition 1B; and Ms. MaryAnn Campbell-Smith, Chief, External Audits, Local Governments.



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Mr. Fackenthall provided a slideshow presentation on the Look Ahead Report (and stated the same would be mailed to attendees upon request). In addition to the presentation, an organizational chart, with the phone numbers of his employees well versed in the A&E Contract process, was distributed to the attendees. Mr. Fackenthall noted that all of his employees answer and/or return calls in a timely manner. Additional topics of discussion regarding DPAC's functions included the following:

- DPAC makes it a priority to ensure work for consultants who qualify as SBE's, DBVE's and UDBE's.
- The Conflict of Interest process was established to provide consistency between CSU's & DPAC.
- Consultants should utilize their own legal counsel for direction on issues related to conflicts of interest.
- The DPAC process bulletin, regarding overhead calculations and mark-ups, is still a work in progress.
- The Board of Water Resources was noted as another agency that provides contracting opportunities for A&E work.

Mrs. Nguyen turned the meeting over to Ms. MaryAnn Campbell-Smith and Mr. Carlos Aguila to discuss the Department of Transportation A & E Consultant Risk-Based Model.

Mrs. Campbell-Smith provided a background on the risk based model and gave a brief summary of the purpose and status of the A & E audit program, as it pertains to 23 Code of Federal Regulation (CFR) 172. Audits and Investigations' discussions consisted of the following topics:

- The Office of Audits & Investigations recently underwent reorganization, as a result of State and Federal inquiries into increasing the transparency of the Audits & Investigations Unit.
- Mrs. Campbell-Smith's focus has shifted to managing the audits of funds passed-through by the Department to Local governments.
- Mr. Aguila's new assignment is managing the audits of A&E and Construction contracts and Proposition 1B funding.
- 23 CFR 172, which was updated in 2002 by the federal government, requires that state DOT's take a risk based approach to managing A&E funding and contracts. Each state may take their own risk based approach, as long as A&E funds are used in compliance with federal regulations.
- As a result of the findings of a federal audit, conducted by the office of the Inspector General, the FHWA delegated the role of determining whether overhead rates are in compliance to state DOT's.
- AASHTO's audit guide was updated and should be used as a resource for understanding how A&E funds and contract costs may be used.
- Risk Based Models are employed to mitigate risk.
- Recipients of federal dollars, State DOT's, are tasked with making sure those agencies and firms that receive federal funds are aware of the federal rules and regulations.
- Programs, such as CSU's and Contract Managers, are tasked with monitoring the recipients of federal funds, to ensure compliance with federal regulations, in advance of audits.
- The Office of Audits & Investigations, in coordination with FHWA, ACEC and other State DOT's, has employed a methodology that approaches the audit process by evaluating the A & E consultants perspective, as opposed to a contract by contract approach.



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Mr. Aguila was asked to continue discussions on the audit portion of the Risk Based Model Pyramid, wherein he informed attendees of the following changes:

- Past practices and business models required audits of all contracts over \$250,000.
- Pre award audits will be conducted on an as needed basis.
- DPAC has developed a new model for audits, which was looked upon favorably by the FHWA.
- The new model, which designates State DOT's as cognizant agencies, includes, Indirect Cost Rate Audits, Multi-State Audits and California In-State Cost Rate Audits.
- The FHWA, ACEC, and fellow-state DOT's are making a joint effort to mitigate as much risk as possible.

#### *General Q&A from the Attendees*

#### Q&A:

What is the objective of the Cognizant Audit?

- The objective of the Cognizant Audit is to have fair and compliant overhead rates.

How can Consultants avoid the Cognizant Audit?

- The key is not to avoid the audit, but to be prepared, and to know how to apply the rules to be in compliance. Firms will be selected for a Cognizant Audit for compliance issues, on a routine basis, or via random selection. .

Is there going to be a program to help consultants understand the requirements?

- The AASHTO Training Guide is a very good resource. FHWA will be providing resources and information. ACEC has posted webinars. Likewise, Caltrans will also be providing information. Also, it is important that the consultants' CPA understands these requirements; otherwise your company is at risk of being in non-compliance.

If you do business in several states, would you be subject to several audits?

- No, this would not be the case; the goal is to establish a uniform audit process for each state. However, there will be some differences to the audit process in every state, but the goal is to make this audit process uniform.

Will there be negotiations for overhead rates?

- No. There will be no negotiations, as part of the audit. However, consultants will be required to support the information that they provide.

Will prevailing wages, and overhead rate contract terms be discussed during the development of the audit process?

- Yes, prevailing wages will be looked at, as well as contract terms. Basically, a two year contract would entail a two years of overhead.

Mrs. Nguyen thanked the meeting attendees and the featured speakers for making the effort to attend the meeting. She also stated that a section for Frequently Asked Questions will be included in the next Professional Liaison meeting. Mrs. Nguyen then informed the attendees that they may e-mail any additional questions for DPAC to her at [trinity\\_nguyen@dot.ca.gov](mailto:trinity_nguyen@dot.ca.gov).

#### *\*Adjournment & Next Meetings*

- **NOTE:** The next Professional Liaison meeting will be held on April 29, 2010.