

# Local Force Account Agreements

- Definitions and Background
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- Other Administrative Items Still To Be Discussed
- Communication Plan

# Definitions

- SFA – State Force Account
  - State working on state highway
- LFA – Local Force Account
  - LFA – State
    - Local Unit working on state highway
  - LFA – Local
    - Local Unit working on local highway

# Background

- FHWA Process Review – 2006
- US DOT Report – December 2006
- FHWA Report – May 20, 2007
- WisDOT Response – July 23, 2007

# Previously Implemented (2007)

- LFA Agreements now reflect P S & E approval
- LFA Agreements incorporate all required Contract Provisions
- LFAs only used on Federally-Eligible roads
- Minor equipment covered under equipment, not materials

# Recent Decisions Discussed in March 19 Memo

- LFA Defined as “Agreement”
- Subcontracting Under LFA Not Allowed
- All Project Work in State Municipal Agreement
- Prequalification for LFA Work
- LFA Project Oversight
- Limited Use of Rental Equipment
- No LFA Work on Another’s System

# LFA Defined as “Agreement”

- “Contracts” will be used when referring to the legal document achieved as a result of a competitive procurement process
- “Agreements” will be used when referring to the legal document achieved as the result of a non-competitive negotiation process

# Subcontracting Under LFA Not Allowed

- “Subcontracting” is defined as contracting for services/work from private industry
- Materials purchases are allowed under an LFA
- Contracting for private services/work under an LFA is no longer allowed
- A local unit may contract separately for services/work from private industry:
  - Contracts obtained using a state letting - \$50K min.
  - Contracts obtained using a local letting— locally funded

# All Project Work in State Municipal Agreement

- To assure that the complete project will be constructed, all components of the project must be included in the State/Municipal Agreement

# Prequalification for LFA Work

- Local unit is required to be “adequately staffed and suitably equipped”
- Developing criteria on how to identify a local unit’s capabilities to perform LFA work
- The presence of qualified individuals will determine if a local unit is qualified to perform the design engineering or construction inspection
- Inventory of equipment (and operators) plus past performance on similar projects will determine if a local unit is qualified for various construction types

# LFA Project Oversight

- Region Management Consultants will provide overall oversight
- A consultant will perform construction oversight of all LFA agreements
- Local units that are prequalified may provide inspection staff for an LFA
- The inspection staff would be under the responsible charge of the consultant

# Limited Use of Rental Equipment

- Limited rental of some specialized equipment may be appropriate as part of a LFA agreement
- Specialized equipment may be rented up to a maximum of \$25,000 or 25% of the LFA agreement amount, whichever is less

# No LFA Work on Another's System

- Local units cannot use Federal-aid funds to have another local unit perform construction work on their own system

# Continuing Stakeholder Discussions

- Subcontracting Using Local Let Eligible for Federal Funds?
- Prequalification Evaluation Criteria
- HSIP Implications of No Work on Another's System

# Subcontracting Using Local Let Eligible for Federal Funds?

- A local unit may now contract separately for services/work from private industry using either
  - Contracts obtained using a state letting or
  - Locally funded contracts obtained using a local letting
- A third method is still being discussed
  - Contracts obtained using a local letting meeting federal requirements and eligible for federal aid
- WisDOT would be a party to any resulting contract
- Local unit would indemnify the department from errors

# Prequalification Evaluation Criteria

- The details of the evaluation criteria are still being discussed
- Will discuss the level of detail in the criteria

# HSIP Implications of No Work on Another's System

- Local units cannot use Federal-aid funds to have another local unit perform construction work on their own system
- This also applies to LFA's on the Highway Safety Improvement Program
- Options to address small HSIP will be discussed this summer

# Future Stakeholder Discussions

- Review Method of Payment
- Discuss “Excluded Work”
- Cost Effectiveness Findings
- “Penalties” for Non-Conforming Materials?

# FUTURE – Review Method of Payment

- LFA estimates may be prepared using unit costs
- LFA work is reimbursed based on actual cost
- Approved Machinery Rates part of actual costs
- Existing systems will be reviewed for payment options

# FUTURE - Discuss “Excluded Work”

- Currently local unit must perform 30% of work under an LFA
- Work not done by local unit is called “excluded”
- “No Subcontracting in LFA’s” for private services and limiting rental equipment will reduce the “excluded work” amount
- Purchased materials are considered “excluded”

# FUTURE - Cost Effectiveness Findings

- Update procedures on preparing a CEF
- Clearly state reason for using LFA
- Discuss source of bid prices
- Re-examine CEF for significant cost increases?
- CEF process should “normalize” local unit advantages (i.e., no profit, not subject to taxes, no DBE, not subject to Federal wage guidelines)

# FUTURE - Penalties for Non-Conforming Materials?

- Sometimes non-conforming materials are allowed to remain, at a reduced cost
- Question of how to assess penalties for non-conforming materials incorporated into an LFA project

# Other Administrative Items Still To Be Discussed

- Complete Change in Policy to Force Account Concept
- Review Small Tools/Administrative Fees
- Discuss Documentation and Filing
- Ensure Review of Materials Certification
- Develop Process for Periodic Review of Program

# Communication Plan

- Stakeholder Meetings
- Conference Presentations
- Memos to Local Units of Government
  - Memo 1 – June 20, 2007
  - Memo 2 – March 19, 2008
- Manual Updates (PMM, FDM, C&MM, MM)

# QUESTIONS?

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