



Wisconsin Department of Transportation

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November 2, 2009

All Consultants Doing Business with WisDOT

WisDOT Staff Involved with Contract Cost Reduction (CCR) Initiative

RE: Consultant Contract Reductions

The purpose of this letter is to provide clarification and additional information related to the Department's efforts to negotiate a cost reduction for work in consultant engineering contracts to be completed during this biennium.

We would like to clarify the Department's intent to negotiate all amendments in good faith with the industry. It is our belief that there may have been some confusion from earlier memos and therefore, we are clarifying that the October 13, 2009 memo sent to all consultants supersedes all other memos on this topic and should be the basis of negotiations for this effort.

To ensure that CCR negotiations are conducted in accordance with the federal code and that all parties are following the policies and procedures contained in chapter 8 of the Wisconsin Facilities and Development Manual (FDM), the following information is being provided to both WisDOT staff and Wisconsin Consultant Engineering Industry members.

- WisDOT's goal for the CCR is to reduce costs of applicable contracts without change to the intent and/or deliverables of the original contract.
- Amendments drafted and presented by WisDOT included reductions to profit as a starting point. They should be considered a first offer to initiate negotiations between the consultant and WisDOT and are not to be considered final unless agreed to by the consultant.
- All final amendments must be mutually agreed upon between WisDOT and the consultant.
- Negotiation meetings are offered on all projects to resolve differences and confirm the final value and method of achieving the CCR. Negotiation meetings are not required if mutual agreement can be achieved more efficiently with direct communication.
- Consultants are not required to sign the amendments as first offered or at all, agreement to participate in the CCR initiative is a consultant by consultant decision.
- Cost plus fixed fee contracts may require complete supporting spreadsheets. Lump sum contracts may be decreased without documentation of the method of reduction except as required in the basis of payment provisions.

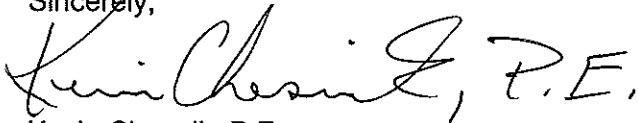
- WisDOT will consider proposed efficiencies that do not change the intent and/or deliverables of the contract. All methods are possible and will be considered on a case by case basis. Efficiencies may include but are not limited to the following:
 - Reduced profit percentage
 - Voluntary Reductions by the Firm to their overhead rate
 - Adjustment of staffing assignment to lower wage employees
 - Reduction in hours

Considering consultants have previously submitted signed amendments prior to this additional clarification, WisDOT will consider modifications to previously submitted amendments if a consultant's amendment was developed inconsistent with this direction. WisDOT leadership also requests consultants inform, Mr. Jay Neider, directly, if the CCR initiative is being implemented inconsistent with the intent and additional clarification as described in this and previous correspondence.

Also, to ensure that all parties understand the Department's intent to negotiate in good faith, we are attaching a document with language to that effect. We ask that you sign this document and include it along with other signed amendment documents and return them to the Department. For firms that have already signed and returned their amendments, we are asking that you also sign this document and return it for inclusion with your other documents.

Again, I would like to thank you for your cooperation in working with the Department as we deal with these difficult economic times.

Sincerely,



Kevin Chesnik, P.E.

Administrator, DTSD

Wisconsin Department of Transportation

CC: ACEC-WI Office

Allen Radliff, FHWA

Matthew Hake, FHWA

Rory L. Rhinesmith, WISDOT

Donald Miller, WISDOT

SUPPLEMENT
TO
AMENDMENT NO. {__} TO THE CONTRACT
BETWEEN
THE WISCONSIN DEPARTMENT OF TRANSPORTATION
AND
{ FIRM NAME}
FOR
{Project ID(s) and Description(s)}

I, the undersigned, acknowledge that our firm was afforded the opportunity to engage in good faith negotiations that considered modifications in the scope and terms of the contract to achieve the desired reductions in the cost of the contract.

FOR { Firm Name} (CONSULTANT)

Signature: _____

Print Name/Title: _____

Date: _____