PAVED
Projects Adding Value by Expanding Diversity
Civil Rights Division

June 16, 2017
Agenda

Texas Department of Transportation
PAVED
Transportation Summit
Ripley House Neighborhood Center
4410 Navigation Blvd., Houston, TX 77011
Friday, June 16, 2017 · 8:00 AM - 4:00 PM

8:00 AM – 9:00 AM  Registration | Check-in | Continental Breakfast
9:00 AM – 9:30 AM  Welcome and Introductions | Event Overview
Laura Ryan, Commissioner, Texas Transportation Commission
9:30 AM – 10:00 AM  Case Study
Osley Lilly, President/CEO, Lazer Construction Company, Inc.
10:00 AM – 11:00 AM  Prime Contractor (Construction Services) Panel
11:00 AM – 12:00 PM  Prime Consultant (Professional Services) Panel
12:00 PM – 1:00 PM  Lunch
Financial Access to Capital and Bonding
Mark Delaitt, Vice President and Partner, Holmes Murphy
1:00 PM – 2:00 PM  DBE Compliance and Construction Opportunities
2:00 PM – 4:00 PM  Exhibit Hall/Prime and Subcontractor Networking

Breakout sessions on the following topics will be held from 10:00 AM to 12:00 PM.

Navigating TxDOT
DBE Certification and Pre-Qualifications
City of Houston Disparity Study
Colette Holt, Colette Holt & Associates
Thank you to the following host partners:

**Regional Hispanic Contractors Association (RHCA)**
John Martinez  
President  
*john@regionalhca.org*

Ruben Landa  
Vice Chairman  
*Ruben.landa@wsp.com*

**National Association of Minority Contractors (NAMC)**
Lupe Gonzalez  
Director  
*director@namctexas.org*

**Tri-County Black Chamber of Commerce (TCBCC)**
Leondria Thompson  
President & CEO  
*Leondria@tcbcc.org*
Industry Partners

Thank you to the following industry partners:

- AGC of Texas
- Alliance Geotechnical Group
- Austin Bridge & Road
- Equify
- Ferrovial Agroman US Corp
- Fluor Corporation
- Granite Construction
- Holmes Murphy
- HNTB
- Iconic Consulting Group
- Kiewit Infrastructure Group
- McCarthy Building Companies
- United Rentals
- Webber
- WSP USA, Inc.
- Zachry Construction Corporation
Agency Partners

Thank you to the following agency partners:

- City of Houston
- Harris County Toll Road Authority (HCTRA)
- Metropolitan Transit Authority of Harris County, TX (METRO)
- Port of Houston Authority (POHA)
Presenters and Participants

Thank you to the following speakers and panelists:

<table>
<thead>
<tr>
<th>Texas Department of Transportation</th>
<th>Martha Arnold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laura Ryan</td>
<td>Civil Rights Project Specialist</td>
</tr>
<tr>
<td>Commissioner</td>
<td><a href="mailto:Martha.Arnold@txdot.gov">Martha.Arnold@txdot.gov</a></td>
</tr>
<tr>
<td>Texas Transportation Commission</td>
<td>Michael Bryant</td>
</tr>
<tr>
<td>Donovan Bryant</td>
<td>Director – Office of Civil Rights</td>
</tr>
<tr>
<td><a href="mailto:Michael.D.Bryant@txdot.gov">Michael.D.Bryant@txdot.gov</a></td>
<td><a href="mailto:Michael.D.Bryant@txdot.gov">Michael.D.Bryant@txdot.gov</a></td>
</tr>
<tr>
<td>Don Barwick, Ph.D.</td>
<td>Michael Smith</td>
</tr>
<tr>
<td>Program Specialist</td>
<td>Contract Specialist</td>
</tr>
<tr>
<td><a href="mailto:Don.Barwick@txdot.gov">Don.Barwick@txdot.gov</a></td>
<td><a href="mailto:Michael.Smith@txdot.gov">Michael.Smith@txdot.gov</a></td>
</tr>
<tr>
<td>Sarah C. Blackburn, CTCM</td>
<td>Martin Rodin</td>
</tr>
<tr>
<td>Special Projects Coordinator</td>
<td>Director</td>
</tr>
<tr>
<td><a href="mailto:Sarah.Blackburn@txdot.gov">Sarah.Blackburn@txdot.gov</a></td>
<td><a href="mailto:Martin.Rodin@txdot.gov">Martin.Rodin@txdot.gov</a></td>
</tr>
<tr>
<td>Joe Sanchez</td>
<td>Gail Morea</td>
</tr>
<tr>
<td>Civil Rights Specialist</td>
<td>Transportation Engineer Supervisor</td>
</tr>
<tr>
<td><a href="mailto:Joe.Sanchez8@txdot.gov">Joe.Sanchez8@txdot.gov</a></td>
<td><a href="mailto:Gail.Morea@txdot.gov">Gail.Morea@txdot.gov</a></td>
</tr>
<tr>
<td>Darin Korbut</td>
<td>Matthew Volkmann, P.E.</td>
</tr>
<tr>
<td>Construction Contracts Specialists</td>
<td>Transportation Engineer, Beaumont District</td>
</tr>
<tr>
<td><a href="mailto:Darin.Korbut@txdot.gov">Darin.Korbut@txdot.gov</a></td>
<td><a href="mailto:Matthew.Volkmann@txdot.gov">Matthew.Volkmann@txdot.gov</a></td>
</tr>
<tr>
<td>Carlton Cooper</td>
<td>Larry Blackburn, P.E.</td>
</tr>
<tr>
<td>Program Specialist</td>
<td>Transportation Engineer, Houston District</td>
</tr>
<tr>
<td><a href="mailto:Carlton.Cooper@txdot.gov">Carlton.Cooper@txdot.gov</a></td>
<td><a href="mailto:Larry.Blackburn@txdot.gov">Larry.Blackburn@txdot.gov</a></td>
</tr>
</tbody>
</table>
Presenters and Participants

Thank you to the following speakers and panelists:

**Collette Holt & Associates**
Collette Holt  
President

**Holmes Murphy**
Mark Dewitt  
Vice President & Partner

**Entech Civil Engineers, Inc.**
Tony Gelacio  
President

**RS&H Texas**
Kirk Fauri  
Vice President and Texas CEI Leader

**WSP USA, Inc.**
Joseph Willhite  
Vice President & Area Manager

**HNTB Corporation**
Darrin Willer  
Vice President

**Williams Brothers Construction Co, Inc.**
Tracey Aping  
Director, Business Development And Diversity

**Zachry Construction Corporation**
Rita Phillips  
Supplier Diversity Officer

**Grand Parkway Infrastructure / Webber LLC**
Angela Berry Roberson  
Director of Diversity Contract Compliance

**Blueridge Transportation Group**
Mary Campbell  
DBE Liaison

**Lazer Construction Company, Inc.**
Ousley Lazcy  
President
PEPS DIVISION
JUNE 2017
TxDOT PAVED Transportation Summit
Leadership and Organization

FTE Allocation: 100
Actual FTEs: 106

PEPS Division
Director: Martin Rodin, PE
512-416-2038

Deputy Director
Lucio Vasquez, PE
512-416-2039

Executive Assistant
Kristina Kottke
512-416-2037

Austin Service Center
Manager
Charles Davidson, PE
512-832-7315

San Antonio Service Center Manager
Larry Wenger, PE
210-615-5971

Houston Service Center Manager
Gail Morea, PE
713-802-5795

Dallas Service Center Manager
Joe Jancuska, PE
214-320-6187

Ft. Worth Service Center Manager
Norma Glasscock, PE
817-370-3675

El Paso Service Center Manager
Efrain Esparza, PE
915-790-4313

Center of Excellence Manager
Dan Neal, PE
512-416-2667

District Central Service Center Manager
Jaime Vela, PE
512-416-2007

Service Center for Divisions Manager
Kori Rodriguez, PE
512-416-2268

Houston Service Center Manager
Gail Morea, PE
713-802-5795

San Antonio Service Center Manager
Larry Wenger, PE
210-615-5971

Dallas Service Center Manager
Joe Jancuska, PE
214-320-6187

Executive Assistant
Kristina Kottke
512-416-2037
Leadership and Organization

**Division Director** – Martin L. Rodin

**Deputy Division Director** – Lucio Vasquez

**Center of Excellence** – Dan Neal

**Business Operations Center** – Roy Gonzales

---

- **Austin Service Center** – Charles Davidson
- **Dallas Service Center** – Joseph Jancuska
- **Fort Worth Service Center** – Norma Glasscock
- **Houston Service Center** – Gail Morea
- **San Antonio Service Center** – Larry Wenger
- **El Paso Service Center** – Efrain Esparza
- **Central Service Center** – Jaime Vela Jr.
- **Service Center for Divisions** – Kori Rodriguez
Division Director’s vision

Information Rich Environment

- **Disqualifications**
  - ZERO disqualifications
  - Improve contract screening
  - Automate processes
  - Earlier DQ notification
  - Future electronic submittals

- **Q&R Enhancement**
  - CST Boot Camps
  - Intensive Q&R review
  - Improved Q&R templates
  - More PM/Team questions

- **Information Sharing**
  - Post annual procurement plan online
  - Post CST member names in RFQ
  - Monitor contract and WA execution
  - Improve debrief process
  - Improve negotiations
  - Require evaluations
Prop 7 Will Significantly Increase Letting Volume

- $4.3 Billion Average Letting (FY 2012 – 2016)
- $6.5 Billion Average Letting (FY 2017 – 2025)
NOTE: FY 18 to FY 20 are projections only.
# Future Annual Procurements

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Architecture</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Bridge Inspection</td>
<td>$52,000,000</td>
</tr>
<tr>
<td>Bridge On/Off Replacement</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>Construction, Engineering, Inspection (CEI)</td>
<td>$300,000,000</td>
</tr>
<tr>
<td>Critical Path Method Scheduling (CPM)</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Engineering</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>General Engineering Consultant (GEC)</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Geotechnical</td>
<td>$19,000,000</td>
</tr>
<tr>
<td>Hydraulic</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>Other (describe in Comments)</td>
<td>$16,000,000</td>
</tr>
<tr>
<td>Planning</td>
<td>$17,000,000</td>
</tr>
<tr>
<td>Plans, Specifications and Estimates (PS&amp;E)</td>
<td>$400,000,000</td>
</tr>
<tr>
<td>Procurement Engineering (PcE)</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Schematic</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>Schematic / Environmental</td>
<td>$200,000,000</td>
</tr>
<tr>
<td>Schematic/Environmental/PS&amp;E</td>
<td>$45,000,000</td>
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<tr>
<td>Survey</td>
<td>$60,000,000</td>
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<tr>
<td>Traffic Engineering</td>
<td>$16,000,000</td>
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<tr>
<td>Traffic Signal Timing</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Utility Engineering</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>Materials Engineering</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>Facilities Engineering</td>
<td>$6,500,000</td>
</tr>
<tr>
<td>Independent Engineer (IE)</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Traffic &amp; Revenue (T&amp;R)</td>
<td>$5,000,000</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$1,310,500,000</strong></td>
</tr>
</tbody>
</table>

Three categories make up 80% of the annual procurement.

- CEI
- PS&E
- Schematic/ENV
How do I get started?

Getting Started

- Be registered as a business with the State of Texas
  
  [http://comptroller.texas.gov](http://comptroller.texas.gov)

- Be registered as engineering firm with the Texas PE Board
  
  [http://engineers.texas.gov](http://engineers.texas.gov)

- Obtain precertification with TxDOT
  

- Become administratively qualified with TxDOT
  

- Check the TxDOT webpage for listing of projected contracts and pre-RFQ meetings
  

- Submit your qualifications
Procurement Tips

- Check that all mandatory forms are in your package
- Keep alert to amendments
- Ask questions when you have the opportunity
- Showcase your PM and task leaders
- Focus on providing challenges, solutions and lessons learned
- Present innovative ideas or alternatives
- Be clear, concise and technical
- Use space wisely, it is not for marketing
- QA/QC the SOQ by referring directly to the RFQ Cover Page
- Use your best examples and give credit to the firm that did the work
Future PEPS Direction

Future Project Mix:

- 50% Indefinite Deliverable (ID) / 50% Specific Deliverable (SD)
- Future CEI can be SD by Project or ID by District
- Future GEC will be Specific Deliverable by project
- Minimize preclusion between Design and Construction
- Improve CST participation
- Pilot electronic SOQ submittals
- PM will be required to be precertified
- Annual and end of project evaluations are required
## Wave 4 Details

- Wave 4 internal kickoff on July 6, 2017
- Total number of twenty one procurement events scheduled consisting of ninety one individual contracts

<table>
<thead>
<tr>
<th>Category</th>
<th>No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEI</td>
<td>1</td>
<td>$15,000,000</td>
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<tr>
<td>CPM</td>
<td>1</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Engineering</td>
<td>1</td>
<td>$1,500,000</td>
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<tr>
<td>GEC</td>
<td>2</td>
<td>$28,000,000</td>
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<tr>
<td>Materials Engineering</td>
<td>1</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Planning</td>
<td>1</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>PS&amp;E</td>
<td>5</td>
<td>$204,500,000</td>
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<tr>
<td>Procurement Engineering</td>
<td>1</td>
<td>$20,000,000</td>
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<tr>
<td>Schematic/Environmental/PS&amp;E</td>
<td>3</td>
<td>$58,000,000</td>
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<tr>
<td>Schematic/Environmental</td>
<td>1</td>
<td>$50,000,000</td>
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<tr>
<td>Surveying</td>
<td>2</td>
<td>$12,000,000</td>
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<tr>
<td>Traffic Engineering</td>
<td>1</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Utility Engineering</td>
<td>1</td>
<td>$12,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21</td>
<td><strong>$435,000,000</strong></td>
</tr>
</tbody>
</table>
Disqualifications

Improvements

- Automation of AQ verification
- Automation of precertification check
- Converting NLCs to precertified categories
- Earlier DQ notification
- Notifying precluded firms in advance
- Earlier debrief opportunities
- Replacement of PM and TL during solicitation
Updated PTC Form

- Populate information on PTC at push of a button
- Using Firm Sequence Numbers and Employee Precert numbers
- Verifying Administrative Qualifications and Precert status before submittal
Points of Contact

**Project Related Information**
- District Engineers
- District Director of Transportation Planning and Development (TP&D)
- District Design Engineers
- Division Directors
- Directors of Construction

**Procurement Related Information**
- PEPS Service Center Managers (SCMs)
- Pre-RFQ meetings and workshops
- PEPS Center of Excellence
- PEPS Business Operations Center
- PEPS Procurement Engineers
The very first ever of its kind...

PEPS Division Conference
November 3, 2017
Omni Hotel- Southpark
4140 Governor’s Row
Austin, Texas
WITH US
THERE'S
no "maybe-ty"
ONLY "SURE-ty"
Holmes Murphy & Associates is an 84 year-old privately held & independent company with a strong history of insurance consulting and risk management expertise.
GENERAL CONTRACTORS & OPERATIVE BUILDERS

HEAVY CONSTRUCTION
READY-MIX CONCRETE
SPECIALTY TRADE CONTRACTORS

MORE THAN
1,600
CONSTRUCTION CLIENTS

1/3
OF OUR BUSINESS

DEDICATED
CONSTRUCTION TEAM, PROVIDING
EXCEPTIONAL DAY-TO-DAY
ACCOUNT MANAGEMENT,
PLACEMENT, LOSS CONTROL, AND
CLAIMS ADVOCACY
HOW LONG HAVE SURETY BONDS BEEN AROUND?

- 2,750 BC: Earliest known suretyship contract was written on a Mesopotamian tablet. According to the contract the farmer could not take care of his fields because he was drafted into the king’s army, so another farmer offered to work the fields. The two agreed to split the profit evenly. A local merchant served as the world’s first known surety by guaranteeing that the second farmer would keep his word.

- 1792-1750 BC: Suretyship was first addressed in a written legal code – the code of Hammurabi.

- 670 BC: The oldest surviving surety contract was written.

- 150 AD: The Roman Empire developed its first laws about surety.

- 1837: William L Haskins proposed the first surety company in America – the New York Guarantee Company.

- 1865: Fidelity Insurance Company became the first corporate surety company in the U.S.
• The Heard Act – 1894 - required surety bonds on federal funded projects for public work.
• The Miller Act – 1935 – required surety bonds on certain federal projects.
• The little Miller Act – many states have adopted their own laws requiring surety bonds for public works.
Surety Bond: A guarantee or a promise by one party to assume responsibility for the debt or obligation of a borrower if that borrower defaults.

**Three (3) parties involved:**

1) **Principal:** responsible to perform the obligation (after which the bond becomes void);

2) **The surety:** the company with the secondary responsibility of performing the obligation if the principal fails to perform;

3) **The Obligee:** to whom the right of performance (obligation) is owed.
• Literally over 1,000 types of bonds
• Bid Bonds
• Performance and Payment Bonds
• Maintenance Bonds
• Release of Lien Bonds
• License and Permit Bonds
• Environmental
• Treasury Listing: approved sureties for federal projects and maximum job size accepted.  
  www.fms.treas.gov/c570/c570.html
• Best Rating: private industry financial rating & carrier size.
  • Financial rating: A++ (Excellent) to F (Liquidation)
  • www.ambest.com
### Market Share Report – Surety 2015

#### TOP 100 SURETY COMPANIES

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Market Share (%)</th>
<th>Direct Premiums Written ($000)</th>
<th>Direct Losses Incurred ($000)</th>
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<tr>
<td>1</td>
<td>Travelers Companies Inc.</td>
<td>13.84</td>
<td>$781,753</td>
<td>$(12,069)</td>
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<td>Liberty Mutual</td>
<td>13.30</td>
<td>$751,381</td>
<td>$167,849</td>
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<td>3</td>
<td>Zurich Insurance Group</td>
<td>8.47</td>
<td>$478,324</td>
<td>$167,683</td>
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<tr>
<td>4</td>
<td>CNA Financial Corp.</td>
<td>7.57</td>
<td>$427,730</td>
<td>$63,433</td>
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<td>5</td>
<td>Chubb Ltd.</td>
<td>7.10</td>
<td>$401,396</td>
<td>$19,375</td>
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<td>6</td>
<td>Tokio Marine Group</td>
<td>4.33</td>
<td>$244,343</td>
<td>$35,966</td>
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<tr>
<td>7</td>
<td>Hartford Financial Services</td>
<td>3.18</td>
<td>$179,772</td>
<td>$49,383</td>
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<tr>
<td>8</td>
<td>IFIC Surety Group Inc.</td>
<td>2.85</td>
<td>$160,843</td>
<td>$20,390</td>
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<tr>
<td>9</td>
<td>American Financial Group Inc.</td>
<td>2.48</td>
<td>$140,378</td>
<td>$37,165</td>
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<td>10</td>
<td>RLI Corp.</td>
<td>2.15</td>
<td>$121,585</td>
<td>$7,314</td>
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<tr>
<td>Rank</td>
<td>Company</td>
<td>Market Share (%)</td>
<td>Direct Premiums Written ($000)</td>
<td>Direct Losses Incurred ($000)</td>
</tr>
<tr>
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<td>------------------------------------------------</td>
<td>------------------</td>
<td>-------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>11</td>
<td>Lexon Surety Group LLC</td>
<td>1.94</td>
<td>$ 109,517</td>
<td>$ 15,691</td>
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<tr>
<td>12</td>
<td>Swiss Re Ltd</td>
<td>1.82</td>
<td>$ 102,801</td>
<td>$ 7,899</td>
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<td>13</td>
<td>Arch Capital Group Ltd.</td>
<td>1.57</td>
<td>$ 88,604</td>
<td>$ 31,224</td>
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<td>14</td>
<td>Merchants Bonding Co. (Mutual)</td>
<td>1.48</td>
<td>$ 83,765</td>
<td>$ 2,857</td>
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<td>15</td>
<td>Hanover Insurance Group Inc.</td>
<td>1.47</td>
<td>$ 83,323</td>
<td>$ 37,943</td>
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<td>16</td>
<td>W. R. Berkley Corp.</td>
<td>1.46</td>
<td>$ 82,743</td>
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<td>17</td>
<td>Fairfax Financial Holdings</td>
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<td>$ 74,887</td>
<td>$ 41,615</td>
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<td>$ 72,975</td>
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<td>19</td>
<td>AmTrust Financial Services</td>
<td>1.27</td>
<td>$ 71,818</td>
<td>$ 8,479</td>
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<td>20</td>
<td>Argo Group International</td>
<td>1.07</td>
<td>$ 60,698</td>
<td>$ 5,409</td>
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<td>21</td>
<td>Westfield Group</td>
<td>1.00</td>
<td>$ 56,666</td>
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<td>22</td>
<td>Grte Co. of North America USA</td>
<td>0.99</td>
<td>$ 55,816</td>
<td>$ 20,415</td>
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<td>23</td>
<td>White Mountains Insurance</td>
<td>0.95</td>
<td>$ 53,836</td>
<td>$ 2,930</td>
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<td>24</td>
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<td>$ 46,429</td>
<td>$ 16,085</td>
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<td>25</td>
<td>Old Repub International Corp.</td>
<td>0.81</td>
<td>$ 45,921</td>
<td>$ 2,766</td>
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TOP 10 SURETY COMPANIES HAVE 65.27% OF BUSINESS
TOP 25 SURETY COMPANIES HAVE 79.97% OF BUSINESS
• Bank vs. Insurance
• Licensed & managed by carriers, product most resemble a banking relationship.

A well run surety program = Increased Revenue & Profit for Contractor

Equals Good Solid Business Practices
QUALITY OF FINANCIAL PRESENTATION
• COMPILATION
• REVIEW
• AUDIT
• CASH
• ACCRUAL
• % OF COMPLETION

INTERNAL
• TRACK WITH YEAR END
• FREQUENCY
• CONTROLS
JUST DO IT.
WORKING CAPITAL /EQUITY

- Liquidity: Cash on hand to pay debts
- Working Capital
- Aged Accounts Receivable
- Cash value of life insurance
- Debt: current vs. long term & volatility of interest rate
- Equity
- Personal ability to contribute
Character

• How long were you in jail and for what? .... (wink-wink)
• Reputation in the market place
• Credit rating: personal (such as Experian) and Corporate (D&B rating)
• Prior bankruptcy (ies)
• References: Banks, owners, vendors, etc.
Capacity

- Skill at work
- Equipment availability
- Internal & external bookkeeping & outside audit. Do you have good numbers?
- Prior work experience
- Territory, employee stability, reputation w/subs, type & turnover of work, backlog, etc
- Margin on work, How do you win work?
- Bid Spread
Key Ratios for Surety Capacity

- Working capital: 20 times capacity
- Net worth: 10 times capacity
- Debt to Equity: 3 to 1
- Overbillings/Underbillings: Change Orders, slow pay, problems on the job, unrecognized losses, etc.
- WC/Overhead: How long can company survive?
In every surety underwriter’s mind....

<table>
<thead>
<tr>
<th>Indicator</th>
<th>% of cases with</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealistic growth</td>
<td>37%</td>
</tr>
<tr>
<td>Performance issues</td>
<td>36%</td>
</tr>
<tr>
<td>Character issues</td>
<td></td>
</tr>
<tr>
<td>Accounting issues</td>
<td></td>
</tr>
<tr>
<td>Management issues</td>
<td></td>
</tr>
</tbody>
</table>
• Change in type of work performed
• Expansion into new area
• Significant increase in size of project(s)
• Rapid or over expansion
• Inexperience with new scope or type of work
• Personnel do not have adequate training or experience
• Insufficient personnel
• Retires, dies, leaves company, sells, change in leadership
• No ownership or management transition plan
• Inadequate cost and project management systems
• Estimating or procurement problems
• Lack of adequate insurance
• Improper accounting practices
• Failure to maintain solid accounting & Management Systems to track costs and billings
• Field labor productivity – average of 33% of time wasted (recoverable lost time)
• Materials usage – 37% of all construction material wasted
• Six most expensive wores in construction – “put that over there for now”
  - Average piece of material moved four times after initial delivery
• Equipment utilization – Own/leased decision making
• Closeout – what does one month of general conditions cost?
• One week? What are the added costs of sloppy closeouts?
PROPER PREPARATION PREVENTS POOR PERFORMANCE
thank you
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM OVERVIEW

Civil Rights Division
Regulatory Authority

Code of Federal Regulations (CFR)
Title 49 - Transportation
Subtitle A – Office of the Secretary of Transportation
Part 26—Participation By Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs

49 CFR Part 26
Disadvantaged Business Enterprise (DBE)

- A for profit small business certified through the Texas Unified Certification Program, that is at least 51% owned by one or more individuals who are both socially and economically disadvantaged; and

- Whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.
Texas Unified Certification Program (TUCP)

Six certifying entities:

- City of Austin
- City of Houston
- Corpus Christi Regional Transportation Authority (CCRTA)
- North Central Texas Regional Certification Authority (NCTRCA)
- South Central Texas Regional Certification Authority (SCTRCA)
- Texas Department of Transportation (TxDOT)
The prime contractor shall utilize the DBEs listed in the prime’s UP:

- Race-conscious DBE participation

- The DBE must be certified at the time of the commitment

- The DBE must be certified in the NAICS code applicable to the kind of work the firm would perform on the contract

Prime enters into a contractual arrangement with the DBEs listed in the UP specifying the work to be performed and the compensation for the work:

- Subcontract Agreement or Purchase Order (P.O.)

- The DBE must be certified at the time the subcontract or P.O. is executed
Goal Credit & Counting: Types of DBE Participation

Subcontractors – 100% credit
- Must perform 30% of work with its own forces
- Any work subcontracted to a non-DBE will not count

Material Suppliers
- Manufacturers – 100% credit (alter or fabricate product)
- Regular Dealers – 60% credit
  - Selling from inventory
  - Own and operate distribution equipment

Packagers, Brokers, Manufacturer’s Representatives, Transaction Expediters
- Fees or Commissions only
- Fees or Transportation Charges for the Delivery
- Do not count the cost of the materials or supplies
Goal Credit & Counting: Types of DBE Participation

DBE Trucking Firms – 100% credit

- May lease trucks from both DBEs and non-DBEs
- Limited credit allowed for the use of leased non-DBE trucks
- Manage and supervise the entire trucking operation
- Own and operate at least one (1) fully licensed, insured, and operational truck used on the contract
- Receives credit for using trucks it owns, insures, and operates using drivers it employs
- If the DBE leases trucks from a non-DBE truck leasing company and uses its own employees as drivers – 100% credit
A DBE performs a CUF when it is responsible for the execution of the work of the contract and is carrying out its responsibilities by actually:

- Performing
- Managing
- Supervising the work involved
To perform a CUF, the DBE must be responsible, with respect to materials and supplies used on the contract for:

- Negotiating price;
- Determining quality and quantity;
- Ordering the material;
- Installing (where applicable) and
- Paying for the material itself.

Only when a DBE meets all of the requirements should DBE credit be counted for the procurement of the items by the DBE.
Goal Credit & Counting: Commercially Useful Function

- The DBE must be performing a CUF
- Credit is only counted if the prime has paid the DBE for the work performed
- No credit will be given for any materials, supplies, or equipment the DBE obtains from the prime or the prime’s affiliates
- If a CUF is not performed, goal credit will be denied
Any terminating or substituting of a DBE listed in the approved UP requires the following:

- Prior Departmental approval;
- Letter or notice of intent sent to the DBE;
- Documentation that the DBE was not willing or able to perform (e.g., Good Cause); and
- That the prime make a good faith effort to find another DBE to the extent needed to meet the goal.
Termination & Substitution

Good Cause:

- Failure or refusal to execute a written subcontract;
- Failure or refusal to perform the subcontract that is consistent with normal industry standards;
- The DBE firm goes out of business or exhibits credit unworthiness;
- The DBE voluntary withdraws;
- The DBE is ineligible to receive DBE credit for the type of work performed;
- Other

The prime must provide the DBE with written notice of its intent and allow the DBE 5 days to respond.
A Contractor who cannot meet the contract goal, in whole or in part, must make adequate GFEs to obtain DBE participation as stated and defined in 49 CFR Part 26, Appendix A.

A GFE evaluation begins with the amount of work made available.

Quality of Efforts – not necessarily the quantity
  - Actively and aggressively trying to meet the goal

Form 2603 - Contractors Certification of Good Faith Efforts
Good Faith Efforts (GFE): Considerations

- Soliciting the participation of DBEs (*time considerations*)
- Providing interested DBEs with the plans, specifications, and contract requirements
- Assisting interested DBEs in obtaining:
  - bonding
  - lines of credit
  - insurance as required by the contract
  - necessary equipment
  - supplies
  - materials
  - related assistance or services
- Effectively using the services of available minority/women community organizations; minority/women contractors’ groups
References

- **DBE Forms**
  
  http://txdot.gov/business/partnerships/dbe-forms.html

- **TUCP Directory – Diversity Management System (DMS)**
  
  https://txdot.txdotcms.com/
Texas Department of Transportation
Civil Rights Division
125 East 11th St.
Austin, TX 78701

(512) 416-4700
CivilRights@txdot.gov

www.txdot.gov
Questions?
CONTRACT LETTING
Contract Letting

State Let Construction and Maintenance Contracts

Local Let Projects
BID TABULATIONS
Bid Tabulations and Bid Totals

- Made available on the TxDOT website
- 2014 Standard Specifications for Construction and Maintenance of Highways, Streets, and Bridges (Spec Book)
  - Item 2, Section 11

http://www.dot.state.tx.us/business/bt.htm
CONTRACT AWARD
Contract Award

Delay of Award
- C&M Agreement
- Notice of Financial Clearance
- DBE Approval

Award
- Award Letter
  - 15 day turnaround
  - Instruction Sheet
- Contract documents
  - Bound contract
  - Conformed contract
  - Surety copy
  - Memo of special requirements
    - Railroad
    - Right of Entry
    - Railroad Insurance
    - Warranty
- Bond/Manufacturer’s Bond

Texas Department of Transportation (TxDOT) State Let Construction & Maintenance Contracts
Additional Instructions for CONTRACTORS and SURETY Company

CONTRACTS AND BONDS
- Contracts must NOT be disassembled for any reason.
- CONTRACTOR must execute and return contracts within 15 days of receiving award letter (ONE bound contract and ONE conformed contract) and BONDS in INK.
- CONTRACTOR must sign and date the Signature Page, Performance Bond and Payment Bond.
- The bond(s) in the contract must be executed (including their signature and date signed) by a corporate surety company authorized to write Fidelity and Surety Bonds for public works in the State of Texas, and for contracts greater than $100,000 each SURETY must be listed in the current issue of the Federal Register. Dept. of Treasury list and must show adequate bonding capacity for the size of the contract. SURETY must execute Bonds in INK.
- SURETY may date bonds and Powers of Attorney; however, they cannot be dated past the due date of the CONTRACT.
- A Power of Attorney, showing that the SURETY’s officer or attorney in fact has the authority to sign the bonding obligations, must be impressed with the corporate seal and attached behind the payment bond in each contract. In addition, the SURETY should attach a Bond Claim notice.
- Corporate seal of the SURETY must be impressed on all bonds and also the Powers of Attorney. Water seals and stamp facsimile are not acceptable.

INSURANCE
- Please verify the required insurance information is on file and current with TxDOT and the contract requirements. New or updated information will need to be submitted by the insurance agent by completing the appropriate TxDOT Certificate of Insurance, Form 1590. The form can be accessed at the following link:
  http://www.dot.state.tx.us/media-library/media-publications/consultants-contracts/forms/contracts.html
- Completed forms can be submitted to CST_Insurance@txdot.gov

TEKS ETHICS COMMISSION COMPLIANCE
- Effective January 1, 2015, CONTRACTORS are required to submit Texas Ethics Commission Form 1295 for all projects. The form can be accessed at the following link:
  https://www.ethics.state.tx.us/whatnews/cf_info_form1295.htm
- This form must be signed and notarized (to enable TxDOT to acknowledge it online) and returned, along with all other contract documents, in the mail. An electronic copy can be emailed to CST_Contracts@txdot.gov but if doing so, in the subject field please reference CONTRACTOR’s Business Name, applicable C21 and contract #.

MAIL
Send all contract documents prior to 5:00 PM on the due date shown on the award letter. If the contract due date is on a weekend or holiday, the contract is due the first business day following the weekend or holiday. A duplicate contract will be returned to the CONTRACTOR when fully executed by the State. If the Contractor fails to comply with all of the requirements in Article 3.A., “Execution of Contract,” the proposal guaranty will become the property of the State, not as a penalty, but as liquidated damages. The Contractor forfeiting the proposal guaranty will not be considered in future proposals for the same work unless there has been a substantial change in design of the work.

Send contract documents to:
TExAS DEPARTMENT OF TRANSPORTATION
CONSTRUCTION DIVISION CONTRACT PROCESSING
200 EAST RIVERSIDE DR.
AUSTIN, TEXAS 78704-1787

ASSISTANCE
- For questions or assistance call Contract Processing @ 512-416-2540 or email CST_Contracts@txdot.gov

TxDOT PAVED Transportation Summit - Houston
CONTRACT EXECUTION
Contract Execution

Requirements:

- Return within 15 days
- Authorized Contractor signature
- Executed Performance and Payment Bonds
  - Power of Attorney
  - Claims Page
- Special requirements
  - Railroad
  - Right of Entry
  - Railroad Insurance
  - Warranty Bond/Manufacturer’s Bond
- Ethics Commission 1295 Cert

Spec Book

- Item 3, Section 4

Requirements met:

- Bound contract to Contractor
- District notification
COMPLETING THE WORK
Completing the Work

Contract management

– District
  • Preconstruction Meeting
  • Project schedule
  • List of Material suppliers
  • Administration
  • Completion of work

http://www.txdot.gov/inside-txdot/district.html
Completing the Work

As items are completed
- Inspected by TxDOT
- Paid monthly

Contractor Information System (CIS) Reports
- Monthly estimates
- Published on the website

Refer to the Spec Book for payment of items

IH-10 WIDENING PROJECT
IH-10 Widening Project Overview

Legend
- Project Limits

Project Begins

Project End

Houston

Beaumont

Hamshire Rd.

North Fork Taylor Bayou

South Fork Taylor Bayou

1 Inch = 2 miles

Miles

0 1 2 3 4
IH-10 Widening Project Overview

- Widening IH-10 (CSJ 0739-02-161)
- Project Limits: Hamshire Road to FM 365
- Project Scope
  - Widen existing freeway from 4 to 6 lanes
  - Intersection (Stack) Reversals, Intersection Improvements, and Operational Improvements
- Project Goals
  - Improve safety, mobility and traffic operations along IH-10 by adding capacity and reconstructing ramps to current standards
IH-10 Widening Project Overview

EXISTING TYPICAL SECTION

Frontage Roads | Mainlanes | Mainlanes | Frontage Roads

↓ ↓ ↓ ↓    ↑ ↑     ↑ ↑

NOTE: Illustrations are not drawn to scale.

*PROPOSED TYPICAL SECTION

Frontage Roads | GP Lanes | GP Lanes | Frontage Roads

↓ ↓ ↓ ↓    ↓ ↓    ↓ ↓     ↑ ↑

*Subject to Transportation Commission action

TxDOT graphic
IH-10 Widening Project Overview

- Design-Bid-Build
- August 2017 letting – Begin Construction Fall 2017
- Anticipated construction timeline of three years, completion Fall 2020
- Current Construction Estimate = $98 million
IH-10 Widening Project Overview

- Estimated Quantities
  - 225,000 cy of excavation (roadway)
  - 514,000 cy of embankment
  - 55,000 tons of HMAC
  - 500,000 sy of concrete paving
  - 164,000 sf of bridge
  - 155,000 sf of retaining walls
  - 23,000 lf of drainage pipe
IH-10 Widening Project Overview

- Other items included in the project:
  - Removal of Asphalt Pavement Items:
    - Stabilized base, asphalt pavement, CTB, Riprap, Medians, Ramps
  - Removal of Structure Items:
    - Inlets, Headwalls, Pipe, Junction Box, Drill shaft, Drainage Flume, Rock Filter Dams, Construction Exits, Temporary Sediment Control Logs,
  - Metal Beam Guardrail Fence: Install and remove
  - Terminal Anchor Section: Install and remove
  - Cable Barrier: Install and remove
  - Crash Cushion Attenuator: Install, move, reset and remove
  - Lighting, ITS, Small and Large Signs
FM 521/FM 2234 WIDENING PROJECT
FM 521 /FM 2234 Widening Project Overview

- Widening FM 521
- Project Limits: from BW 8 to south of FM 2234
- Project Scope
  - Reconstruct and widen to 4 lanes divided highway
  - Grade separation over existing railroad crossing.
- Project Goals
  - Safety: Improve railroad/local traffic crossings
  - Mobility: Managed congestion along FM 521 by adding capacity
FM 521 /FM 2234 Widening Project Overview

Existing Typical Section

Proposed Typical Section
FM 521 / FM 2234 Project Overview

- Design-Bid-Build
- September 2018 letting – Begin Construction December 2018
- Anticipated construction, completion Summer September 2020

- Current Construction Estimate = $38 million
- Total Project Length = 1.61 miles
FM 521 /FM 2234 Widening Project Overview

- Estimated Quantities
  - 57,171 cy of excavation
  - 117,152 cy of embankment
  - 3,939 tons of HMAC
  - 66,117 sy of concrete paving
  - 193,794 sf of bridge
  - 68,106 sf of retaining walls
  - 4,386 lf of drainage pipe
  - 211 total drainage inlets, manholes, junction boxes
  - 10,064 lf of concrete barrier
I-610 AT I-69 WEST
CONGESTION PRIORITY PROJECT
• **Project Description:**
  Reconstruct and widen direct connectors at I-60/I-69 Interchange. Reconstruct main lane bridge on I-610 West Loop.

• **Congestion Relief Initiative**
  Governor Greg Abbott – Congestion Relief Initiative
  14 Projects, 42 Miles new highways of $1.3B were identified statewide.
  Houston District has the largest population increase in the nation from 2014-2015, will receive more than $440M.
I-610 AT 1-69 West Project Overview

Typical Sections

EXISTING TYPICAL SECTION

Direct Connector | Mainlanes | Mainlanes | Direct Connector

Not drawn to scale

PROPOSED TYPICAL SECTION

Direct Connector | Mainlanes | Mainlanes | Direct Connector

Timeline

Preliminary Design/Env.

2015

Spring 2016 – Public Meeting Held

2016

Summer 2016 – ENV clearance received/begin ROW Acquisition

Design

2017

Winter 2017 – ROW Acquisition Complete (Does not impede construction)

Construction

2018

2019

2020

2021

June 2015 – Public Hearing

Spring 2017 – Begin Utility Adjustments (Order materials for towers)

Winter 2018 – Utility Adjustments Complete
Design-Bid-Build

Summer 2017 letting – November 2017

Anticipated construction timeline of four years, completion Summer 2021

Current Total Construction Estimate = $218 million
I-610 AT 1-69 West Project Overview

- Estimated Quantities
  - 350,753 cy of excavation
  - 91,367 cy of embankment
  - 485 tons of HMAC
  - 108,508 sy of concrete paving
  - 1,046,435 sf of bridge
  - 153,904 sf of retaining walls
  - 11,948 lf of drainage pipe
  - 141 drainage inlets, 50 manholes, 10 junction boxes
  - 7,595 lf of concrete barrier
  - 8,649 lf of box culverts
  - 87,377 lf of Rail
FM 762/FM 2759 WIDENING PROJECT
FM 762/FM 2759 Widening Project Location
FM 762/FM 2759 Widening Project Overview

- Widening FM 764/FM 2759

- Project Limits:
  - on FM 764 from FM 762 to South of LCISD School on Crabb River Road.
  - on FM 2759 from S of Sansbury Rd to FM 762 on Crabb River Road.

- Project Scope
  - Widen existing main lanes to 4 lanes divided

- Project Goals
  - Managed congestion along FM 764 by adding capacity
  - Construct a grade separation (overpass) over the BNSF Railroad and Thompsons Road
FM 762/FM2759 Widening Project Overview

Existing Typical Section

Proposed Typical Section
Design-Bid-Build

Engineering by Fort Bend County

TxDOT is Project Sponsor

January 2018 letting – Begin Construction Summer 2018

Anticipated construction timeline of 3 years, completion 2021

Current Total Project Estimate = $28 million

Length of Project= 2.976 miles
FM 762/FM 2759 Widening Project Overview

- Estimated Quantities
  - 138,832 cu yd of excavation
  - 101,599 cu yd of embankment
  - 333 tons of HMAC
  - 137,301 sq yd of concrete paving
  - 18,480 sq ft of bridge
  - 0 sq ft of retaining walls
  - 11,427 lf of drainage pipe
  - 141 drainage inlets, 29 manholes, 0 junction boxes
  - 6,123 lf of concrete barrier
  - 8,392 lf of box culverts
  - 586 lf of Rail
Questions??