

INDOT Prequalification: Information for Local Governments



INDOT Prequalification: Info for Locals

Who gets Prequalified?

- Contractors
 - Highway Construction Trades
- Consultants
 - Professional Services
 - Engineering: Traffic, Roadway, Hydraulics, Geotechnical, Construction, and Bridges
 - Environmental Services
 - Real Estate Services



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What is Contractor Prequalification?

- In-depth analysis of a contractor's current capabilities and readiness to proceed work on a construction contract
 - Financial position
 - Project history, equipment, personnel experience, and certifications
- Establishes aggregate bidding capacity
- Evaluated yearly



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Why is this important to Locals?

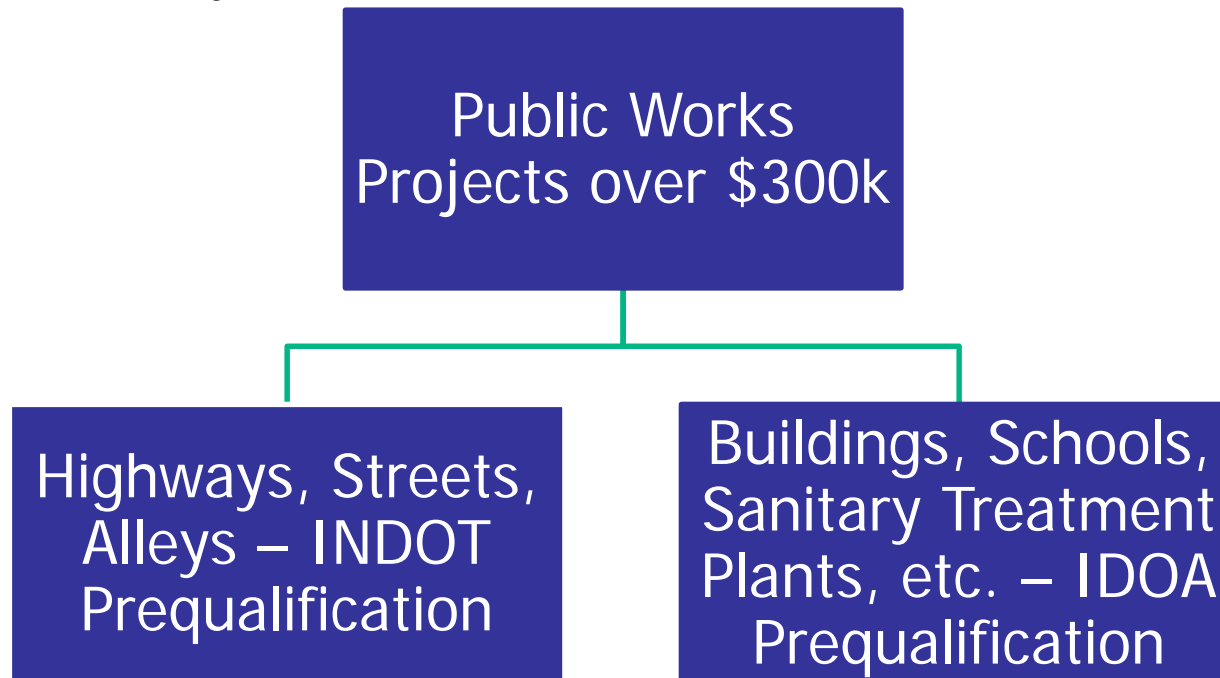
- Indiana Code 8-23-10-0.5
- A contractor must be prequalified with INDOT before doing any work on a public works project that is the construction, improvement, alteration, repair, or maintenance of a road, highway, street, or alley. This applies to a public works project awarded after December 31, 2016.
- However, this does not apply if the project is less than \$300,000 and the local unit follows IC 36-1-12 (local government public works project laws).



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Legal Background

- General Public Works Project Qualification IC 5-16-13-10
 - INDOT - Highway, street, or alley (IC 8-23-10)
 - Indiana Department of Administration (IDOA) – All other Public Works Projects (IC 4-13.6-4)



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The Prequalification Process: General

- INDOT Prequalification Division manages the pool of qualified contractors (~500 contractors)
- Nearly 80% of those applications are processed March through June
- Per IC 8-23-10, the division has 30 days to act on the application.



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The Prequalification Process: Timeline

- Expedited?
 - NO. State Law!
 - Priority is given only under one circumstance: contract award.
- Per 105 IAC 11-2-1, to be eligible to submit a bid, the application must be received at least 15 days for renewals, or 21 days for new applicants.

Letting Date	Renewal Deadline	New Deadline
3/14/2018	2/27/2018	2/21/2018
4/11/2018	3/27/2018	3/21/2018
5/10/2018	4/25/2018	4/19/2018
7/11/2018	6/26/2018	6/20/2018



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The Prequalification Process: Specialist Review

- Application completeness
- Verify FEIN and legal name
- Tax clearance checks with Department of Revenue (DOR) and Department of Workforce Development (DWD)
- Verify registration and standing with the Indiana Secretary of the State



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The Prequalification Process: Auditor Review

- Financial Statement Type
 - Self-certified – Good
 - CPA Review – Better
 - CPA Audit – Best
- Bidding Capacity is limited by the type of financial statement submitted

Statement Type	Cost to Contractor	Risk Level to State	Max. Bidding Capacity
Self-Certified	\$	High	\$200,000
CPA Review	\$\$	Medium	\$1,000,000
CPA Audit	\$\$\$	Low	Unlimited



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The Prequalification Process: Auditor Review Cont.

- Analyze assets and liabilities reported
 - Assets
 - Current Assets
 - Receivables from complete and incomplete contracts
 - Underbillings
 - Inventory
 - Must provide details
 - Stocks, bonds, and securities
 - Equipment
 - Real estate
 - Must be in the company's name



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The Prequalification Process: Auditor Review Cont.

- Analyze assets and liabilities reported
 - Liabilities
 - Notes payable and other long-term liabilities
 - Amount due within 12 months
 - Amount due between 12 months and 24 months
 - Amount due beyond 24 months
 - Accounts payable
 - Overbillings
 - Taxes



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The Prequalification Process: Auditor Review Cont.

- Financial Analysis Philosophy and Goal
 - Ultra-conservative accounting to protect the State (and you!)
 - Cash is king
 - Higher weight given to net current assets and working capital
 - Contractor must have the liquidity to cover their costs before they ever get paid
 - Set bidding Capacity



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The Prequalification Process: Analyst Review

- Project Experience
 - Contract defaults, bidding crimes, and performance on completed INDOT contracts
- Work types (27 major – 86 specialty) – List online
 - Relevant projects completed with dollar amount of self-performed work
 - Construction equipment list and lease agreements
 - Key personnel résumés
 - Certifications and licenses
 - IMSA – Traffic Signals
 - SSPC – Bridge Painting
 - IDEM – Asbestos Abatement
 - IDHS – Blasting
 - INDOT Geotech – Drilled Foundations



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The Prequalification Process: Final Product

- Certificate of Qualification
 - Contractor name
 - Valid Date
 - Expiration Date
 - Total Bidding Capacity (Aggregate)
 - Unearned work limit
 - Work types with corresponding capacities



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How is this useful?

- Contract Letting Process
 - Receive bids from:
 - Experienced contractors
 - Well-equipped contractors
 - Contractors with sufficient output capacity
 - Ex. High Friction Surface Treatment
 - Financially stable contractors



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What else should I be thinking about?

- How to best utilize INDOT Prequalification?
 - Use the right work types to filter for the right contractors
 - Give contractors sufficient time
 - Consider the advertisement period
 - INDOT doesn't require a valid certificate to consider a bid
 - Applications must be received 15 or 21 days prior to a letting
 - Compare Certificate bidding capacities to bid amount and current unearned work.



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Important Links

- [INDOT Contractor Prequalification webpage](#)
- [Rules for Prequalification of Contractors and Bidding](#)
(105 Indiana Administrative Code (IAC) 11)
- [Prequalification Work Type Classification Codes](#)
- [List of Prequalified Contractors](#)
- [Contractors Statement of Experience and Financial Condition](#) (prequalification application)



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Questions?

Greg Christoff
Prequalification Auditor
317-232-5096
gchristoff@indot.in.gov

Aggie Wagoner
Prequalification
Specialist
317-232-5095
awagoner@indot.in.gov

Fred Bartlett
Prequalification Analyst
fbartlett@indot.in.gov

Jose Murillo
Prequalification Engineer
317-232-5094
jomurillo@indot.in.gov

Mark Tidd
Prequalification Director
317-232-5411
mtidd1@indot.in.gov



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Consultant Prequalification Manual Revisions

- 5.0 Environmental Services Group
 - 5.11 ESA Screenings Phase I and Phase II, Remedial Design is eliminated
 - 5.13 ESA Screenings Phase I added
 - 5.14 ESA Screenings Phase II and Further Site Investigation/Corrective Action added
- 7.0 Geotechnical Engineering Services Group
 - 7.1 Geotechnical Engineering Services is eliminated
 - 7.2 Geotechnical Engineering Services is added
 - 7.3 Geotechnical Laboratory Facilities is added
 - 7.4 Geotechnical Drilling Operations is added
 - 7.5 Geotechnical Construction Monitoring Services is added



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Consultant Prequalification Manual Revisions

- 8.0 Road Design Group
 - 8.3 Roundabout Design is added
- 16.0 Utility Coordination Group
 - 16.1 Utility Coordination is added
- 17.0 Hydraulic Engineering Group
 - 17.1 Drainage Design for Driveway Permits is added
 - 17.2 Storm Sewer and Detention Design is added
 - 17.3 Small Structure and Pipe Hydraulics Design is added
 - 17.4 Bridge Hydraulic Design is added
- 18.0 Pavement Design Group
 - 18.1 Pavement Design added



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Consultant Prequalification Manual Revisions

- Revisions are to be sent to ACEC and FHWA for comment and review
- Publication Goal is May 1, 2018
- Effective Goal is August 1, 2018
 - 3 month minimum window for processing influx of applications before RFPs using new work types are due
 - Do not put off submitting a modification application.

Jose Murillo
Prequalification
Engineer
317-232-5094

jomurillo@indot.in.gov

John Leming
Consultant
Prequalification Analyst
317-234-4917

JLeming@indot.IN.gov

