



Arizona Transportation Builders Association

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November 3, 2014

Farhad Moghimi, Executive Director
PAG/RTA
1 E Broadway Blvd
Suite 401
Tucson, AZ 85701

Dear Mr. Moghimi,

Please see below the Arizona Transportation Builders Associations (ATB) White Paper regarding prequalification process, which we are proposing the Regional Transportation Authority (RTA) to consider.

Background:

The RTA relies upon its Lead Agencies to manage the execution of the projects in the voter approved RTA Plan. The jurisdictions manage the design and construction of these projects, including the bidding process used and the contractor qualification. Local governments have shown a willingness to dictate the percentage of work allocated to Small Business Enterprise (SBE) subcontractors, but have not required any prequalification of Prime Contractor bidders, unless required to do so as a condition of federal funding.

This has long been a concern of the ATB, formally known as TUCA. Recent performance problems on several high profile RTA projects have demonstrated this need to the public and could injure the reputation of the RTA as a high performing public agency.

Report:

The prequalification of bidders on large public works projects is important for the protection of the public, the financial well-being of the Lead Agency overseeing the project, the economic viability of subcontractors and vendors providing materials and work on the project. Perhaps the most vulnerable however, are businesses adjacent to a poorly executed project, that suffer from a downturn in business even from a well-executed project; but a poorly executed project with extended delays can be economically devastating.

Prequalification of contractors, while no guarantee of future performance, can reduce the risk of poor performance. A well-crafted prequalification program can:

1. Ensure that potential bidders have a successful record of accomplishment on projects of similar scope and magnitude.
2. Ensure the financial fortitude of the potential bidder, to protect vendors and subcontractors whose livelihoods depend upon reliable, prompt payment for services and materials rendered.

The Arizona Revised Statutes require prompt payment by agencies for public works projects; the prime contractor's subs and vendors should be able to rely on prompt payment as well. This is particularly important to the SBE subcontractors that existing City and County programs seek to develop.

3. Evaluate the capabilities and history of the principals in new ventures, to ensure that the new firm is not simply a reincarnation of a failed, poor performing firm.
4. Require annual review of prequalified firms to ensure that negative performance has not occurred and that the financial well-being of the bidder remained strong.

A model prequalification program already exists in Arizona, and could be readily implemented if the RTA were to require contractor prequalification. The Arizona Department of Transportation has the Arizona Unified Transportation Registration and Certification System (AZ UTRACS), a long established prequalification program. It would be a simple matter for a Lead Agency to confirm that a bidder was prequalified by Arizona Department of Transportation (ADOT). Further, Lead Agencies that are certified to oversee federal work are already familiar with the ADOT prequalification program. ADOT recently (early 2013) published a Local Agency Project Manual which outlines ADOT requirements for federal aid work performed in Arizona, which requires prequalification of bidders on federally funded projects. In the PAG region, the City of Tucson and Pima County are both certified to oversee federal work.

The ADOT Local Agency Project Manual can be reviewed at:

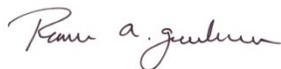
<https://www.azdot.gov/docs/default-source/business/lpa-manual.pdf?sfvrsn=36>

Recommendation:

That the RTA requires its Lead Agencies to implement the ADOT bidder prequalification process on its Roadway Element projects or develop their own prequalification process that is compatible to ADOTs on federally funded projects.

We respectfully request you to consider this very seriously and if you have any further questions, please contact me at 520.623.0444 or ramon@movingoureconomy.org.

Sincerely,



Ramon A. Gaanderse
Executive Director

CC: Kelle Maslyn, Chair, CART Committee (electronic)
Jim DeGroot, PAG/RTA (electronic)