JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GLORIA J. JEFF
DIRECTOR

October 14, 2003

TO: ALL LOCAL AGENCIES

In FY 2003, approximately 50 construction activities were constructed utilizing the Non-Competitive Bid Contract process. The Local Agency Programs (LAP) staff is responsible to verify the engineer's estimate of contracted work, submitted by the local agency, on projects approved to use the Non-Competitive Bid Contract process. This is twofold, one reason is to ensure the prices used are in line with current contract prices and the second reason is to ensure the local agency meet the minimum 6% cost differential which is required under the Non-Competitive Bid Contract process.

In order for LAP engineers to perform this task, we must determine which standard contractor pay item is closest to the item and determine the appropriate contractor unit price either using the TRANSport system or by reviewing the quarterly unit prices. To simplify this process and ensure we are using the proper pay item number, we are requiring the local agency to include the pay item code number for each item in the engineer's estimate when submitted. If a standard item can not be used, the agency must give a representative standard pay item number along with a percentage increase for the item due to the project specific circumstances. The engineer's estimate must be submitted using MERL or SAPW.

Please note this requirement does not pertain to projects performed by railroads or by public utilities. In each of these cases, an engineer's estimate is not required for the railroad or the public utility to perform work on their own facilities.

If you have any further questions on this change, please contact me, at (517) 335-2233 or cadenar@michigan.gov.

Sincerely,

Rudolph S. Cadena, P.E.
Local Agency Programs Engineer
Local Agency Programs