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LANSING



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TO: Applicants and Consultants

FROM: Sonya T. Butler, Chief, Revolving Loan Section
Office of Drinking Water and Municipal Assistance

DATE: September 16, 2014

SUBJECT: State Revolving Fund (SRF)
Procurement of Architectural and Engineering Services

On June 10, 2014, President Obama signed into law the Water Resources Reform and Development Act of 2014 (WRRDA). Among its provisions are amendments to the Federal Water Pollution Control Act (FWPCA), which includes the administration of the Clean Water State Revolving Fund program. This document specifically discusses the requirements of Section 602(b)(14) of FWPCA, which states:

(14) a contract to be carried out using funds directly made available by a capitalization grant under this title for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services shall be negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent State qualifications-based requirement (as determined by the Governor of the State).

Per Section 602(b)(14), beginning October 1, 2014, any contracts not already executed must now publicly announce all requirements for architectural and engineering services and negotiate contracts for those services using a Qualifications-Based Selection (QBS) process. This is in place for all SRF projects receiving assistance in fiscal year 2015 and beyond. Please familiarize yourself with this new federal requirement.

The goal of the QBS process is to find the best qualified firm or individual to perform architecture or design work based on demonstrated competence and qualification for the services required at a fair and reasonable price. The process involves two steps: selection of an engineering consultant firm and negotiation of the contract. The following steps must be followed in order to comply with the QBS process.

Selecting an Architectural/Engineering Design Firm

1. The applicant issues a request for qualifications based on a scope of work.
2. Statements of qualifications that are based on established, publicly available criteria are evaluated.
3. The statements of qualifications are evaluated, and a short-list of qualified firms to be interviewed is determined.
4. Interviews are conducted **with no fewer than three firms**, and the firms are ranked according to qualifications.

Negotiating a Contract

5. The applicant selects the most qualified (highest-ranked) firm and negotiations begin.
6. If the proposal fee is acceptable (contract pricing is determined to be fair and reasonable based on the scope, complexity, professional nature, and estimated value of services), the contract is awarded.
7. If an agreement cannot be reached with the top-ranked firm, those negotiations are ended and negotiations begin with the next-most-qualified firm.

Please note, this new legislation pertains **only to SRF-funded projects**. If you have further questions, please contact your SRF project manager or the Revolving Loan Section at 517-284-5433.