
EC-001

Colorado Department of Transportation
ENGINEERING CONTRACTS
&
DIVISION OF AUDIT



Master Pricing Agreement (MPA)
Add Employees Procedures

Updated: September 19, 2024

NOTE: Consultants must have their employee approved to work by a CDOT Project Manager and be listed on their MPA *PRIOR* to conducting any work for CDOT. They *cannot* be added after the fact and be paid retroactively based upon Colorado fiscal rules.

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Background

All A/E consultants are required to have a Master Pricing Agreement (MPA) to do business with the Colorado Department of Transportation (CDOT). The MPA must be renewed annually to address the indirect cost rate, direct salaries, promotions, and salary increases. The MPA shall include employees who are been added between annual updates with an executed Option Letter. This document will provide guidance for adding those employees to the MPA.

There are two primary actions to approve an MPA: Indirect Cost Rate approval and the Direct Salary Approval. The consultant may choose to decouple the process and have the Indirect Cost Rate and Direct Salary rate approved at different times during the year. However, once the Direct Salaries have been approved, they cannot be changed until their renewal in one year. Promotions will be permitted throughout the year.

Definitions

The following are definitions of terms used within these procedures:

- **Pay Raises/Salary Increases** A pay raise or salary increase occurs when a consultant assigns an employee increased duties and responsibilities based on their performance and rewarding them with a pay increase. The giving of more responsibility is part of obtaining the experience needed to be promoted to a higher classification. **Pay raises are permitted only once a year.**
- **Promotions:** Promotion is defined as moving an employee into a job with a significant increase in duties and responsibilities resulting in a grade, job title and salary change. The scope and complexity of the employee's job must increase enough to warrant a higher-level position. An automatic promotional increase would be when an engineering intern or EIT passes their professional examination which qualifies them for a Professional Engineer

position. This will also apply to other similar professional licenses. **Not permitted:** Increases for employee's retention, increases due to doing a "great job", some additional responsibilities and duties, etc. Typically, promotions result in a pay increase of 7% to 12%.

- **Demotion** To reduce the employee to a lower grade, classification or position which results in a salary decrease.

Submission of Requests

Regardless of the type of change, all ADD Employee requests and documentation must be submitted electronically via email to dot_audit@state.co.us. **(Please note the underscore between dot and audit.)** Hard copies will not be accepted. Use the following subject line: **Company Name - MPA ADD Employee Request.**

To facilitate consistency in change request submissions, use the Employee Listing template respective to your firm's type of MPA (ICR and FCCM Rates or Fee Schedule Consultants) available on CDOT's [MPA](#) webpage and rename it to "ADD Employee Listing". The ADD Employee Listing should be signed by someone with proper authority at the company. Valid signature types include script font, an image of your signature, or a digital signature. If applying a digital signature, ensure the document is not locked/protected against editing after signing as Audit may need to add notes to the document for our testing procedures.

- Only include the employees your firm is requesting to add or change, not all employees listed on your currently approved MPA
- List employees alphabetically by last name, first name
- Enter the firm's currently approved MPA indirect cost (ICR) and facilities capital cost of money (FCCM) rates
- Do not reformat the ADD Employee Listing except to add or delete rows
- If you copy and paste employee data directly into the DSR Section from firm records, paste values only so that the font remains Trebuchet MS 11 point and the appropriate number format remains
- When adding rows, do not adjust any formulas, only copy and paste the formula from the row above
- Replace the <Company Name> cell with the firm's legal name as identified in the current MPA
- Add an A for Addition, P for Promotion, D for Demotion, R for Reclassification, or NC for Name Change to the right of each employee row to indicate the type of request.

While the following subsections assume consultants are submitting a request that includes only one type of employee change, consultants may combine a request to include multiple employees and multiple types of changes.

Firms are responsible for ensuring all documents are completed in their entirety, are free of errors, and are signed. Any incomplete or incorrect documents will delay the review process. Typically, reviews will be completed within two weeks from the time we receive all the complete, required documents, but could take longer. Please plan accordingly!

Adding New Employees to an Approved MPA

Once the MPA/Direct Salary Rates have been approved, a consultant may need to add a newly hired employee or another current employee to their MPA. The MPA provides for the addition of employees through the Option letter process. The consultant must use the following process to add an employee to their MPA: Consultant shall seek the addition of employees to their MPA **prior to** the commencement of any CDOT work. Those employees may then be added to a consultant's project cost worksheet.

Required Documents

- ADD Employee Listing with only the new employees listed (one in Excel **and** one as a signed PDF)
 - Convert each employee's consultant classification to the CDOT common classification using the document located at the [Standard Job Classifications](#) webpage
 - Use the currently approved MPA ICR and FCCM rate, if applicable
 - Identify new employee additions with an "A"
 - Identify foreign employees with an asterisk " * "
- Payroll Register or Fully Executed Job Offer Letter (offered and accepted, with signatures) if payroll is not yet available (see Note 1 below)
- For Fee Schedule firms only, three recent, non-CDOT invoices with billings for the added employee
- If the consultant uses the effective rate to account for uncompensated overtime, provide total hours worked in the previous year, or reasonable estimates if not available, for each salaried employee listed
- If the Employee Listing includes foreign employees, convert the employees' foreign salaries to USD using the average monthly exchange rate for the past 12 months ([OFX Historical Exchange Rates](#) may be used, or a similar independent website)

NOTE 1: If a Fully Executed Job Offer Letter is initially submitted for an employee, the consultant must provide a Payroll Register for that employee when first available, referring to the approval number listed on the Option Letter when emailing it to Audit.

Promoting Employees

CDOT permits raises only once a year but does permit a promotion at any time. The employee new classification must have a significant increase in duties and responsibilities resulting in a higher level grade and salary increase.

Required Documents

- ADD Employee Listing Rates with only the promoted employees listed (one in Excel **and** one as a signed PDF)
 - List the employee's new consultant classification
 - Convert each employee's new classification to the CDOT common classification using the document located at the [Standard Job Classifications](#) webpage

- List the employee's increased hourly rate (ICR firms) or billing rate (Fee Schedule firms)
- Use the currently approved MPA ICR and FCCM rate, if applicable
- Identify promoted employees with a "P"
- Identify foreign employees with an asterisk " * "
- Human Resources (HR) Department Personnel Action Form showing the promotion and increased salary

OR

For small firms without a separate HR Department, provide the company's promotion letter from an executive to the employee showing the promotion and increased salary

- Payroll Register showing employee was paid at the increased salary, if available (see Note 2 below)
- If the consultant uses the effective rate to account for uncompensated overtime, provide total hours worked in the previous year, or reasonable estimates if not available, for each salaried employee listed
- If the Employee Listing includes foreign employees, convert the employees' foreign salaries to USD using the average monthly exchange rate for the past 12 months ([OFX Historical Exchange Rates](#) may be used, or a similar independent website)

NOTE 2: If payroll is not available at the time of the request, the consultant must provide a Payroll Register for that employee when first available, referring to the approval number listed on the Option Letter when emailing it to Audit.

Demotions/Position Reclassification/Rate Change (Reduction)

Should an employee be *position reclassified* resulting in a reduction in salary you must submit a letter on company letterhead to that effect which includes the below table:

- ADD Employee Listing with only the demoted/reclassified/rate reduced employees listed (one in Excel **and** one as a signed PDF)
 - List the employee's new consultant classification, if applicable
 - Convert each employee's new classification to the CDOT common classification using the document located at the [Standard Job Classifications](#) webpage, if applicable
 - List the employee's reduced hourly rate (ICR firms) or billing rate (Fee Schedule firms), if applicable, or if no rate reduction occurred, list the employee at the currently approved MPA rate
 - Use the currently approved MPA ICR and FCCM rate, if applicable
 - Identify demoted/pay cut employees with a "D"
 - Identify reclassified position employees with an "R"
 - Identify foreign employees with an asterisk " * "
- Human Resources (HR) Department Personnel Action Form showing the demotion/position reclassification/reduction in salary

OR

For small firms without a separate HR Department, provide the company's demotion letter from an executive to the employee showing the demotion/position reclassification/reduction in salary

- Payroll Register showing employee was paid at the decreased salary, if available and applicable (see Note 3 below)
- If the consultant uses the effective rate to account for uncompensated overtime, provide total hours worked in the previous year, or reasonable estimates if not available, for each salaried employee listed
- If the Employee Listing includes foreign employees, convert the employees' foreign salaries to USD using the average monthly exchange rate for the past 12 months ([OFX Historical Exchange Rates](#) may be used, or a similar independent website)

NOTE 3: If payroll is not available at the time of the request, the consultant must provide a Payroll Register for that employee when first available, referring to the approval number listed on the Option Letter when emailing it to Audit.

Employee Name Changes

This request type is available when a consultant is changing an employee's name on the currently approved MPA.

Required Documents

- Letter (on company letterhead) explaining that an employee's name has legally changed
- ADD Employee Listing with only the employee with the name change listed (one in Excel **and** one as a signed PDF)
 - Use the employee's consultant and CDOT classifications and current hourly/billing (Fee Schedule firms) rate, as well as the ICR and FCCM rate, if applicable from the currently approved MPA
 - Identify an employee name change with an NC
 - List the employee's name as: New Last Name (Old Last Name), First Name (e.g, Jill Jones marries and changes her name to Jill Smith, list name as Smith (Jones), Jill)

NOTE 4: CDOT will update the name change in our master database that is used by the regions and business offices. You will receive an email confirmation when this is completed. When submitting an invoice or correspondence noting the employee's name, list their prior name in parentheses.

OTHER REQUIREMENTS

Payroll Records: The latest certified payroll record (complete unaltered: wages minus deductions=Net Pay) for the requested employee(s). You may redact the employees address and/or social security number but the record must be complete. The entire payroll journal isn't

required, only the requested employees. If you do send in the entire journal or have many employees, please highlight the names so that they are readily discernable.

1. If this is a new employee to the company CDOT will allow you to submit a fully executed job offer letter (Offer and Acceptance) and follow that up with a certified payroll record when the employee is first paid.

NOTE: Should CDOT not receive a complete payroll record when the employee is first paid, CDOT policy is subject to reversion back to a policy requiring consultant submit such requests only after consultant's have the new employees certified payroll record.

Option Letter and Approval Date

Once the requested rates are reviewed for a determination of reasonableness an Option Letter (See Attachment B) will be prepared to formally add those employees to the MPA. Once the Option Letter is unilaterally executed by CDOT management, an email containing an approved Option letter will be sent to the consultant indicating employees who have been approved, their approved rates and the effective date. This addition of employees to the MPA makes them eligible to work on CDOT contracts and consultants may begin invoicing CDOT for their services. The Option Letter will only be sent to whomever the consultant authorized to receive such approvals for confidentiality.

Consultants must be proactive. Personnel must be formally added to their MPA as described in this policy ***prior to*** working on any CDOT projects. The total process time from review of request to approval of Optional letter could take two weeks or longer. There are no retroactive approval dates for added employees. The date that an Option Letter to add employees is signed is the earliest date you may start invoicing CDOT for work performed. Please note that unless you have an approval, in hand, you may not invoice that employee. A submission of a request to add employees is not an authorization for that employee to work on any CDOT project. Should that occur the consultant will not be reimbursed for any hours charged.

Authorized Personnel Each consultant will designate authorized personnel in submitting and dealing with any exceptions with CDOT. Only one person should be listed for each of the following:

- **Receiving Approvals** Any person in the company may submit a request to add employees to their MPA but only the authorized person will receive the approval once completed.
- **Exceptions** Should there be any exceptions to the requested rate of an employee please provide the name of a corporate officer who has the authority to bind the company with regards to exception.

Please have the corporate officer provide those names with their contact information when first submitting of a request to add employees. Should you have a change in personnel, please have

the responsible corporate officer send an email request for change with the relevant person and their contact information.

Rate Determination

CDOT will assess the fair and reasonableness of the proposed rates in accordance with the Federal Acquisition Regulations (FAR) Part 31.201-3 and 31.205-6 (b). Please note that rates are determined by the employee's classification, education and experience. The determination is NOT by classification and all who are in that classification are approved at the same rate. It is based on each individual's circumstances as noted above. CDOT utilizes a methodology similar to the AASHTO Audit & Accounting Guide, 7.5(C)). Three independent industry specific surveys are used for CDOT's Compensation Study.

Adding Employees to Task Orders

As noted above ***prior*** to an employee working on any CDOT project they must first be on the consultants MPA. To add employee(s) to a task order you ***MUST*** notify the CDOT Project Manager that you have an MPA approved employee you would like to add to the project (See attached EC-005.) Please remember there are NO retroactive approvals. Please note you ***cannot*** add an employee to a CDOT project without first obtaining the approval of the CDOT PM. You DO NOT need the CDOT PM's approval to add an employee to your MPA. You may add an employee to your MPA at your discretion.

Emergency Contracting

This procedure is to be used for immediate response to an emergency. The existence of an emergency shall be determined in writing by the CDOT Regional Transportation Director (RTD) with the written concurrence of the Chief Engineer or their delegate. An emergency is defined as a situation which creates a threat to public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failures, or such reason as may be identified by the using agency and approved the Procurement Official or his or her designee. The determination is based on the fact an emergency exists that creates an immediate and serious need for supplies, services, or construction that cannot be met through normal procurement methods and the lack of which would seriously threaten the:

1. Functioning of state government, or its programs;
2. Preservation or protection of property; or
3. Health or safety of any person or persons

Once the situation no longer constitutes an immediate threat to public health, welfare, or safety, the functioning of state government, or preservation or protection of property, it is no longer an emergency. Continuing work after dealing with the emergency requires evaluation of the situation and a decision of what contracting method to use for work after the emergency.

If emergency-controlled maintenance funding is requested, the office of the state architect shall also be notified by the next business day.

CDOT project teams will work closely with their RTD and the Engineering Contracts Manager, to solicit emergency services and to determine the limits of the emergency work and contracting mechanism to be used for any work after the emergency work.

NOTE: Due to the Emergency situation the consultants' billing rates will be tentatively approved until such time, which should be as soon as practicable, the Consultant submits a request to add those employees to their MPA. The Consultant should not assume the submitted billing rates will be the approved billing rate due to the required determination of fair and reasonableness per FAR 31-205.6(b).

Closing

This document is updated as necessary and posted with a summary of any changes to the document as listed below. Should you have any questions regarding adding an employee or this update please email Russ Lawrence at Russ.Lawrence@state.co.us.

SUMMARY OF UPDATE
<ul style="list-style-type: none">Updated document to reflect Audits requirements for submitting a request.

Related Documents (Attached):

EC-005 – Guidance for Adding Employees to Task Orders and Contracts

EXHIBIT A, OPTION LETTER

State Agency Colorado Department of Transportation	Option Letter Number OPT LTR 1-1 Adding Employees to an Existing MPA
Consultant XXXXXXXX	Original OL/A Number 32100XXXX
<p>Note: The Annual Renewal Date is one year from the date the financials were approved by the CDOT Division of Audit. Based on Federal requirements that the financials must be submitted annually, the financial approval date is used as the Annual Renewal Date. The Annual Renewal Date may vary from year to year.</p>	Option Agreement Routing Number XX-HAA-XB-XXXXX
	Contract Performance Beginning Date The effective date is the signature date of this Option Letter
	Current Agreement Expiration Date: DATE To be renewed annually: DATE

1. Option to add an employee(s) and their Direct Salary Rate (DSR).
2. In accordance with Section 3.5 of the Original Agreement referenced above, the State hereby exercises its option to add an employee(s) and their DSR, specified in Exhibit A, to the Original Agreement. The additional employee(s) are prohibited from providing services or incurring costs on CDOT projects prior to the effective date of this Option Letter.
3. The effective date of this Option Letter is the date indicated below.

STATE OF COLORADO
Jared S. Polis, GOVERNOR
Department of Transportation
Shoshana M. Lew, Executive Director

By: Keith Stefanik, P.E., Chief Engineer

Date: _____