



ALABAMA DEPARTMENT OF TRANSPORTATION

1409 Coliseum Boulevard, Montgomery, Alabama 36110



Robert Bentley
Governor

November 4, 2016

John R. Cooper
Transportation Director

To Whom It May Concern:

RE: SUBCONTRACTING ON LOCAL PUBLIC AGENCY (LPA) PROJECTS

Subcontractors do not have to be pre-qualified under the provisions of Article 102.02 of the Standard Specifications. However, a subcontractor must have the following data on file with the Local Agency or submitted with the sublet request before consideration will be given by the Local Agency in allowing a firm to do subcontracting work.

1. A letter indicating the firm's name, legal address, and a list of its officers, including the chairman of the board of directors for a corporation. Any changes should be reported immediately.
2. A valid Certificate of Insurance on file with the Local Agency or attached to the sublet request. Certificate of Insurance coverage shall be in accordance with the requirements of Article 107.15 of the Alabama Department of Transportation (ALDOT) Standard Specifications as amended. The certificate shall be on an acceptable form that provides all of the information required and should be signed by a local (Alabama) resident agent and provide the agent's address.
3. Contractor's license: The definition of a "General Contractor" includes subcontractors performing work in the amount of \$50,000 or more for a general contractor on a project. Accordingly, sublet requests must include proof of contractor licensing (i.e. license number) for the prime contractor and all subcontractors who propose to engage in the business of general contracting for the Local Agency when/if the proposed work/cost of work to be performed qualifies the subcontractor to fit the following definition of "General Contractor":

"A 'General Contractor' is defined to be one who, for a fixed price, commission, fee, or wage undertakes to construct or superintend or engage in the construction, alteration, maintenance, repair, rehabilitation, remediation, reclamation, or demolition of any building, highway, sewer structure, site work, grading, paving or project or any improvement in the State of Alabama where the cost of the undertaking is fifty thousand dollars (\$50,000) or more, shall be deemed and held to have engaged in the business of general contracting in the State of Alabama" (Code of Alabama, §34-8-1(a))

All sublet requests should be submitted in duplicate and directed to the Local Agency. **You are reminded that all sublet requests must be approved by the Local Agency before a subcontractor will be allowed to work on a project.**

The following items should be checked on each submittal. If any of these items are incomplete the Prime Contractor will be advised by the Local Agency in the most expedient manner (telephone, letter, etc.).

1. Sublet requests (See Form OE-7 LPA and Instructions on the ALDOT website noted below.) must be executed by the Prime Contractor, Subcontractor and Surety. Where a second subcontractor proposes to sublet work from the first subcontractor, the request must be executed by the Prime Contractor, both Subcontractors and Surety.
2. The Equal Employment Opportunity and Affirmative Action Statements must be executed by the Subcontractor and attached to the sublet request on Federal-aid projects. Please note that the Equal Employment Opportunity Form must be provided on all federal-aid project sublet requests. The Affirmative Action form is only required when the subcontractor contract is greater than \$10,000. (See EEO and Affirmative Action Forms on the ALDOT website noted below.). Neither of these forms is required if the project is 100% non-federally funded.
3. On items to be subcontracted, show item numbers corresponding to those in the contract. Also, show the item description, quantity, item unit, unit price, extended amount, and total amount to be sublet.
4. The unit price on requests must be the unit price in the contract where all of the work, by item description, is subcontracted. If the item to be subcontracted is partial, such as only utilizing labor, materials, or equipment, and the unit price is less than that in the contract, an explanation shall be provided to this effect, and the amount shown.
5. A copy of the actual signed subcontract between the Prime and Subcontractor or, in case of a Subcontractor and a lower tier Subcontractor, a copy of their subcontract must be attached to the request. The Prime Contractor may use his own contract documents. The license numbers of all persons, firms or corporations (prime, subcontractor, or lower tier subcontractor) that are parties to the subcontract must be shown on the subcontract document. State and Federal laws, rules and regulations require that subcontracts include all appropriate provisions and requirements of the Prime (project) contract.

Therefore, to assure the Local Agency that this requirement is met, the following certification must be included in the signed subcontract:

“This subcontract includes the appropriate provisions of the contract between (Prime Contractor) and the (Local Agency) dated _____”

Note: All Supplemental Specifications and Special Provisions, while they are a part of the contract records, need not be submitted. The subcontracts submitted to the Local Agency will be used to assure that an actual subcontract exists and that the proper documents are a part thereof.

30% Requirement:

It is required that a Prime Contractor perform at least 30% of the total original contract amount with its own forces. Work added by supplemental agreement or force account (see ALDOT Standard Specifications 109.04 for Force Account Work) is not included in this calculation. It is based strictly on the original bid amount.

Items that are designated in the item description in the original contract as “specialty items” may be performed by subcontract, and the cost of these items may be deducted from the total original contract amount before the calculation is done. If the prime is doing the specialty items with its own forces, the amount can be added back to the total.

A sublet approval still has to be done for specialty items and supplemental work, but they do not count against the 30% requirement. Force account work does not require a sublet approval at all.

The Local Agency must determine if the total of all sublet request approved exceeds the 70% allowable subcontract amount (See the Sublet Sheet Approval Template on the ALDOT website noted below. This program will aid in performing the calculation.). If the total, including the request being reviewed, exceeds the 70%, the sublet request cannot be approved.

The forms, calculation program, and other general information can be found on the ALDOT website at <http://www.dot.state.al.us/tpmpweb/mp/LPADownloadsLinks.html> under “Subcontracting”. We hope this information will be of benefit to you in processing your sublet requests. Please feel free to call the Bureau of Office Engineer at (334)242-6457 if you should have any questions pertaining to this information.

Yours truly,



Clay P. McBrien, P.E.
State Office Engineer

CPM/cpm
Pc: Joe Lister
File