



# MANUAL OF INSTRUCTIONS FOR PREQUALIFICATION OF PROSPECTIVE BIDDERS

Office of Construction  
600 West Peachtree Street N.W.  
Atlanta, GA 30308

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## GENERAL

Authority for this Manual of Instructions For Prequalification of Prospective Bidders (hereinafter “Manual”) and the policies set forth herein are found in O.C.G.A. § 32-2-66, the Rules and Regulations of the State of Georgia, Chapter 672-5-.01 et seq. (hereinafter “Rule 672-5”), and Specification Section 102 of the Georgia Department of Transportation Standard Specifications Construction of Transportation Systems (hereinafter “Specification”).

The purpose of this Manual is to discuss Rule 672-5 and to offer a guide to the Prospective Contractor in preparing the application for Prequalification, to the Prospective Subcontractor in preparing the application for Registration, and to the Georgia Department of Transportation personnel in evaluating applications and the assigning of Maximum Capacity Ratings.

The following references to the Official Code of Georgia and the Rules and Regulations of the State of Georgia are provided for informational purposes only and do not constitute legal advice. Because the Official Code of Georgia and the Rules and Regulations of the State of Georgia are subject to change, Prospective Contractors and Subcontractors should consult the latest copy of each. The Georgia Department of Transportation makes no representations, expressed or implied, as to the accuracy of the references to the Official Code of Georgia or the Rules and Regulations of the State of Georgia. In the event of any conflict between this Manual and the Rules and Regulations of the State of Georgia, the Rules and Regulations of the State of Georgia shall govern. All capitalized words used herein have the same meaning as that set out in Rule 672-5.

Links to all forms referenced in this manual as well as Rule 675-5 can be found on the Department’s website: [www.dot.ga.gov/PS/Business/Contractors](http://www.dot.ga.gov/PS/Business/Contractors) (hereinafter “Forms”).

## SECTION 1: INSTRUCTIONS FOR PREQUALIFICATION OF CONTRACTORS

No person shall both qualify as a Contractor and register as a Subcontractor.

A Prospective Contractor desiring to be prequalified must submit an application using the Forms prescribed by the Department. One set of Forms shall be submitted by each Prospective Contractor. A Prospective Contractor may add attachments, extensions, and supplementary data to the Forms as the Prospective Contractor deems necessary. The Forms, which may be amended from time to time by the Department, may be obtained from the Georgia Department of Transportation, 600 West Peachtree Street NW, Atlanta, Georgia 30308 or the Department’s website, [www.dot.ga.gov/PS/Business/Contractors](http://www.dot.ga.gov/PS/Business/Contractors).

A Prospective Contractor shall submit all required forms with its application including but not limited to the Contractor’s Financial Statement (DOT Form 477) and Questionnaire (DOT Form 478). All required Forms must be submitted to the Georgia Department of Transportation, Office

of Construction Bidding Administration, 11th Floor, Prequalification Office, 600 West Peachtree Street NW, Atlanta, Georgia 30308, unless other directions are provided by the Department. It is important that the Prospective Contractor answers all questions on the Forms and submits all the information and documentation required. Forms which are incomplete or improperly executed will be placed on hold for completion and correction, thus causing a delay in the processing of the application and the assignment of a Maximum Capacity Rating. If the Prospective Contractor fails to complete and correct the application within sixty (60) days, the application may be declined, and a new application will need to be submitted.

A Prospective Contractor shall submit an application at least once every two (2) years or on such intermediate occasions as may be deemed necessary by the Prospective Contractor, the Prequalification Committee or as required in Rule 672-5. The Prospective Contractor must submit an updated application when it has sold twenty-five percent (25%) or more of its assets. The Prequalification Committee may require a Contractor who already has been prequalified to file a new application at any time that the Prequalification Committee deems it necessary. Such application shall be filed within thirty (30) days after the Prequalification Committee's request and failure on the part of the Contractor to comply may be grounds for suspension or revocation of the Contractor's prequalification certification.

A Prequalified Contractor may request an extension of its current prequalification certification prior to the expiration date of the prequalification certification by providing the Department with the following information: the amount of time requested for the extension (either 30, 60 or 90 days), the reason for the extension request, the original expiration date of the prequalification certification and the requested expiration date of the prequalification certification. The Department in its discretion will determine whether the extension should be granted and will notify the Contractor of its determination.

The Prequalification Committee will make its Maximum Capacity Rating determination within thirty (30) days of receipt of a Prospective Contractor's fully executed application. The principal documents required for determination of the Contractor's Maximum Capacity Rating are Contractor's Financial Statement (DOT Form 477) and the Questionnaire (DOT Form 478). Department will use the information provided on these forms as well as the formula provided in Rules 672-5-.6 and 672-5-.07 to establish a Contractor's Maximum Capacity Rating.

The following are descriptions and directions for the use of the Forms to be submitted by a Contractor with its application.

#### **A. CONTRACTOR'S FINANCIAL STATEMENT**

Each Prospective Contractor, whether an individual, co-partnership, association, corporation, firm or joint stock company, or joint venture, must complete the applicable parts of the Contractor's Financial Statement (DOT Form 477) and submit the statement as part of its application. There are three (3) types of Financial Statements, one of which will be required to be submitted as set forth in Rule 672-5. These three (3) types of Financial Statements are as follows: (1) Compiled Financial Statement; (2) Reviewed Financial Statement; and (3) Audited Financial Statement.

No Financial Statement will be accepted unless the Accountant's Certificate, which is part of the Contractor's Financial Statement (DOT Form 477) is executed or the Certified Public Accountant who prepared the Financial Statement provided his/her original signature and registration number on the opinion letter qualifying the audit. The firm's name only is not acceptable. The Financial Statement must be submitted for the period ending not more than twelve (12) months prior to the date of the application. The Financial Statement cannot be prepared by a Certified Public Accountant or Registered Public Accountant who is directly or indirectly interested in the business of the Prospective Contractor submitting the Financial Statement.

Contractors using an accelerated depreciation method for tax purposes may use the straight-line depreciation method in their Financial Statements for the purpose of prequalifying with the Department. The balance sheet of the Financial Statements should show the proper adjustments including the deferred income tax.

In a Parent-Subsidiary relationship where the Parent and the Subsidiary are to be prequalified separately, the Parent and the Subsidiary must submit separate Financial Statements. The investments in the Subsidiary must be deducted from the assets of the Parent in computing the adjusted net worth of the Parent. A Parent must list any and all Subsidiaries prequalified with the Department and the dollar amount of the investment in each Subsidiary.

In a Parent-Subsidiary relationship where only the Parent intends to be prequalified by the Department, the Parent may submit a Consolidated Financial Statement which includes the assets/liabilities of the Parent and any of its wholly owned Subsidiary(ies). The investments in the Subsidiary(ies) and any related party receivables and payables must be deducted from the accounts of the Parent.

A Subsidiary applying for prequalification may not include the any of the assets/liability of a Parent in their Financial Statement.

## **B. QUESTIONNAIRE**

The information and data to be submitted in the Questionnaire (DOT Form 478) are largely self-explanatory. Some additional clarification is provided below.

The Prequalification Committee is required to establish the Maximum Capacity Rating which is defined as the total aggregate amount (dollar value) of work a Prospective Bidder may have under contract at any time, either as principal Contractor or Subcontractor, regardless of its location and with whom it may be contracted, as determined by the Department. The Maximum Capacity Rating will be a flat sum determined in accordance with the formula prescribed in Rule 672-5-.07. In establishing this amount, the Prequalification Committee will consider such pertinent facts as financial ability, adequacy of plant and equipment, organization, prior experience, record of construction and any other pertinent, relevant and material facts. In the Questionnaire, the Prospective Contractor must state an estimate of their ability in total capacity for which the Maximum Capacity Rating is sought.

The Prospective Contractor must provide the requested information to the sections of the Questionnaire requesting information as to the experience of the officers and field personnel

supervising the work for which qualification is requested and to the experience of the Prospective Contractor in performing the work.

As a general condition, Prospective Contractors must possess and have available appropriate and necessary equipment to perform the contemplated work or submit proof of valid agreements to purchase or lease the necessary equipment. This necessary equipment must be continuously available for use where and when required. In some cases, ownership or control of specific items of equipment may be a prerequisite. It is important, therefore, that the information requested be given, especially for major equipment items. All equipment which is still serviceable, even though fully depreciated, should be included. Depreciation schedules may be attached in lieu of Department's completing schedules.

Plant and Equipment shown as owned or otherwise available to the Prospective Contractor in the Questionnaire will be an important consideration in determining the Maximum Capacity Rating. The value of equipment owned by the Prospective Contractor and listed on the schedules in the Questionnaire must be identical with the value of equipment reflected on the Contractor's Financial Statement (DOT Form 477). Equipment obtained or disposed of subsequent to the date of the Financial Statement should be listed separately with an explanation. Arrangements, such as valid leases and rental agreements, and status as owner, majority stock holder or officer in an equipment company, may be considered. Such arrangements must be reported and explained. It will facilitate the processing of the Prospective Contractor's Maximum Capacity Rating if the equipment is grouped by type – that is, all shovels together, pavers together, etc. This process will aid the Prequalification Committee in their analysis and in documenting their basis for the Maximum Capacity Rating of the Prospective Contractor.

## **SECTION 2: INSTRUCTIONS FOR REGISTRATION OF SUBCONTRACTORS**

No person shall both qualify as a Contractor and register as a Subcontractor.

All Persons desiring to perform work as a Subcontractor only must submit an application for Certificate of Registration (DOT Form 478) under oath to the Department. The original notification may be filed at any time, but not less than ten (10) days prior to the prime contractor's requesting approval of the subcontract to which the Prospective Subcontractor will be a party. A Registered Subcontractor cannot submit a bid in excess of Two Million Dollars (\$2,000,000) as a prime contractor. A Registered Subcontractor's subcontract shall not exceed One Million Dollars (\$1,000,000) as set forth in Specification 108.01.

All Forms indicated herein as required of the Subcontractor for Registration are to be forwarded to the Georgia Department of Transportation, Office of Construction Bidding Administration, 11th Floor, Prequalification Office, 600 West Peachtree Street NW, Atlanta, Georgia 30308 unless other directions are provided by the Department. It is important that the Prospective Subcontractor answers all questions on the Forms and submits all the information and documentation required. Forms which are incomplete or improperly executed will be placed on hold for completion and correction, thus causing a delay in the processing of the application and

the assignment of a Maximum Capacity Rating. If the Prospective Subcontractor fails to complete and correct the application within sixty (60) days, the application may be declined, and a new application will need to be submitted.

A Prospective Subcontractor shall submit an application at least once every two (2) years or on such intermediate occasions as may be deemed necessary by the Prospective Subcontractor, the Prequalification Committee or as required in Rule 672-5. The Prequalification Committee may require a Subcontractor who already has been registered to file a new application at any time that the Prequalification Committee deems it necessary. Such application shall be filed within thirty (30) days after the Prequalification Committee's request and failure on the part of the Subcontractor to comply may be grounds for suspension or revocation of the Subcontractor's Registration.

A Registered Subcontractor may request an extension of its current registration prior to the expiration date of the registration by providing the Department with the following information: the amount of time requested for the extension (either 30, 60 or 90 days), the reason for the extension request, the original expiration date of the registration and the requested expiration date of the registration. The Department in its discretion will determine whether the extension should be granted and will notify the Subcontractor of its determination.

## **A. QUESTIONNAIRE**

The Questionnaire (DOT Form 478) is largely self-explanatory. Some additional clarification is provided below.

The Prequalification Committee is required to establish the Maximum Capacity Rating for the Subcontractors which shall represent the maximum dollar amount of work a registered Subcontractor may undertake on Department projects at any one time. This total amount of work, or Maximum Capacity Rating, will be a flat sum determined in accordance with the formula prescribed in Rule 672-5-11. In establishing this amount, the Prequalification Committee will take into account such pertinent facts as organization, supervisory personnel, equipment, previous experience, past performance on the job, and other relevant factors. The Prospective Subcontractor must indicate their desire and state an estimate of their ability in total capacity of work for which the Maximum Capacity Rating is sought.

The Prospective Subcontractor must provide the requested information in the sections of the forms requesting information as to the experience of the officers and field personnel supervising the work for which qualification is requested and to the experience of the Prospective Subcontractor in performing the work. The Prospective Subcontractor must indicate their magnitude of the work, which is a measured value, such as of the size (length) of projects, number of projects or value of projects that supports the requested Work Codes as set forth in the Questionnaire (DOT Form 478).

As a general condition, Prospective Subcontractors must possess and have available appropriate and sufficient equipment to perform the contemplated work or submit proof of valid agreements to purchase or lease the necessary equipment. This necessary equipment must be continuously available for use where and when required.

Plant and Equipment shown as owned or otherwise available to the subcontractor in the Questionnaire will be an important consideration in determining the appropriate Work Codes and Maximum Capacity Rating. In some cases, ownership or control of specific items of equipment may be a prerequisite. It is important, therefore, that the descriptive information requested be given, especially for major equipment items. All equipment which is still serviceable, even though fully depreciated, should be included. Depreciation schedules may be attached in lieu of our schedules. Arrangements, such as valid leases and rental agreements, and status as owner, majority stock holder or officer in an equipment company, may be considered. Such arrangements must be reported and explained. It will facilitate the processing of the Subcontractor's Maximum Capacity Rating if the equipment is grouped by types – that is, all shovels together, pavers together, etc. This process will aid the Prequalification Committee in their analysis and in documenting their basis for the Prospective Subcontractor's Maximum Capacity Rating.

### **SECTION 3: CONTRACTOR'S AND SUBCONTRACTOR'S PAST PERFORMANCE**

Contractor's Past Performance Report (DOT Form 479) originates at the Area Manager's level, is reviewed and recommended by the District Construction Manager or his or her designee and is then referred to the State Construction Engineer for his or her review and final approval.

Contractor and Subcontractor on each individual project shall be rated on the basis of their performance on that project. The Prime Contractor shall be rated on the performance of every item in the contract whether performed by a subcontractor or by its own forces. A separate evaluation will be prepared annually for the Prime Contractor and for each approved Subcontractor.

### **SECTION 4: RECOMMENDED CONTRACTOR'S AND SUBCONTRACTOR'S ABILITY OR MULTIPLYING FACTOR**

The Prequalification Committee will review each Prospective Contractor's and Prospective Subcontractor's Ability Factor at the time of submittal of a new or renewal the Certificate of Qualification or Certificate of Registration based on the Prospective Contractor's Past Performance Reports accumulated for the past three (3) years and the Prospective Subcontractor's Past Performance Reports for the past five (5) years. If the Prospective Contractor has not performed work for the Department in the last five (5) years, they shall submit three (3) reference letters from three (3) agencies or individuals that they have completed work for in the past five (5) years. These letters shall support the requested Work Codes and shall include:

- 1) the type of work performed;
- 2) the quality of the services;
- 3) whether the work was completed within the time allowed; and
- 4) the level of cooperation provided in completing the project.

The average of the Rating Scores of the Past Performance Reports of the Prospective Contractor or Prospective Subcontractor is converted to an Ability or Multiplying Factor (Item F) which is substituted into the formula for arriving at the Prospective Contractor's or Prospective Subcontractor's Maximum Capacity Rating. The Prequalification Committee's recommended Ability or Multiplying Factor is then approved by the State Construction Engineer.

## **SECTION 5: CONTRACTOR'S AND SUBCONTRACTOR'S MAXIMUM CAPACITY RATING**

The Prospective Contractor's Maximum Capacity Rating as established by the Prequalification Committee is presented to the Prospective Contractor by a written letter.

The Maximum Capacity Rating of a Prequalified Contractor derives from the formula prescribed by Rule 672-5-.07. The Maximum Capacity rating of a Registered Subcontractor derives from the formula prescribed by Rule 672-5-.11.

At the direction of the Prequalification Committee, rounding off the Maximum Capacity Rating figures may be accomplished by rounding up to the next \$100,000 when applicable.

## **SECTION 6: CERTIFICATE OF QUALIFICATION AND CERTIFICATE OF REGISTRATION**

The Certificate of Qualification and the Certificate of Registration are Certificates in letter form to be addressed to the Prospective Contractor or Subcontractor providing notification of the Maximum Capacity Rating as established by the Prequalification Committee. The expiration date of the Qualification and the approved Work Codes are noted on the Certificate. If the Prospective Contractor or Subcontractor is dissatisfied with the assigned rating, attention is directed to Rule 672-5-.08.

## **SECTION 7: CERTIFICATE OF CONTRACTOR'S CURRENT CAPACITY**

The Certification of Current Capacity (DOT Form 483) shall be prepared and executed under oath by the Bidder as defined in Specification 101.09, attached to every Proposal as defined in

Specification 101.48 and submitted by Bidder at each Letting with the exception of bids submitted on projects that have been exempted from the requirements of Prequalification as provided in the Rules 672-5-1 and 675-5-5. A bid made in excess of the Certificate of Current Capacity will be considered nonresponsive.

## **SECTION 8: CERTIFICATION OF SUBCONTRACTOR'S CURRENT CAPACITY**

Certificate of Subcontractor's Current Capacity (DOT Form 483-S) shall be prepared and executed under oath by the Subcontractor and shall be attached to every Request for Approval of Subcontract (DOT Form 485) where the amount of the subcontract is in excess of Two Hundred Fifty Thousand Dollars (\$250,000). The Certification may be subject to review and verification by the Department as a condition precedent to the award of any subcontract. The Certificate will be reviewed where the Subcontractor is bidding as a prime in an amount in excess of One Million Dollars (\$1,000,000).

## **SECTION 9: STATUS OF CONTRACTS ON HAND**

Status of Contracts on Hand (DOT Form 484) shall be prepared by the Bidder or Subcontractor and attached as supporting data to each Certification of Current Capacity (DOT Form 483-S). This form must include all uncompleted contracts with all agencies, public or private, regardless of location, and whether in progress or awarded but not yet begun.

The Prospective Bidder is directed to the six columns comprising DOT Form 484. The first column titled, "Projects - Location & Description" is self-explanatory. If a listed Project represents work for which the Bidder or Subcontractor is responsible as a Prime Contractor, or as a Joint Bidder, or as a Subcontractor, the original dollar obligation on that Project will be shown in Column 2. The amount subcontracted to Others by a Prime Contractor will be shown in Column 3. The Net Obligations, which is the difference between the Total Obligations and the amount Subcontracted to Others, will be shown in Column 4. The Portion of Net Obligations completed will be shown in Column 5. The total of Net Uncompleted Work will be shown in Column 6.

If the Contractor certifies on DOT Form 483 and DOT Form 484 or if the Subcontractor certifies on DOT Form 483S and DOT Form 484 that the obligations of uncompleted work under contract, the initiation of work for good and sufficient contractual reasons, must be deferred beyond a period of twelve (12) months after the date of the opening of bids for the work for which the Prospective Bidder is submitting its bid, the Prequalification Committee may give consideration to temporarily reducing the debits against the Prospective Bidder's Current Capacity by the amounts of the dollar values of such items. If the Prospective Bidder desires such consideration where the award of a contract is contingent upon the deferral of such charges against its Current Capacity, Prospective Bidder must list the projects on which such deferrals are requested in its Certification of Capacity by an asterisk on DOT Form 484 and it must attach a detailed explanation of the circumstances including the anticipated dates of performing the deferred work.

The Prequalification Committee will only consider deferrals where there is no conflict of interest of any nature (including but not limited to personnel and plant and equipment) between any two or more projects during the period comprising the time limit indicated in the proposal for which the Prospective Bidder is seeking a contract award.

#### **A. SUBCONTRACTS**

Approval by the Department is required for all subcontracts where the Subcontractor has been Prequalified or Registered and which have the required Current Capacity. This must be certified on Certification of Subcontractor's Current Capacity (DOT Form 483S) and substantiated on Status of Contracts on Hand (DOT Form 484), with the exception of Subcontractors performing items of work that have been exempted from the requirements of Prequalification.

In determine the total amount of Current Capacity available to a Prime Contractor, credit will be given for the work sublet to Prequalified Contractors or Registered Subcontractors after the subcontract has been approved in writing by the Department.

### **SECTION 10: EXEMPTED ITEMS**

Under Rule 672-5-.05, the Engineer may designate certain specialty items of work and exempt Prospective Bidders performing such work from the requirements of Rule 672-5. Contractors who feel their work should be in this category shall address their request for exemption to the Prequalification Committee at least ten (10) days prior to the submittal of their bid.

### **SECTION 11: DESIGN BUILD PROJECTS AND PUBLIC PRIVATE PARTNERSHIP PROJECTS**

Department or Georgia State Road and Tollway Authority projects that are procured pursuant to O.C.G.A. §32-2-80 or O.C.G.A. § 32-2-81 may not be subject to all of Rules 672-5 or this Manual. Applicability of the Rule 672-5 and this Manual will be specifically set forth in the relevant procurement and contractual documents associated with the project.