

Acquisitions & Name Changes – June 2024

Q: How does administrative qualification/rates/overhead apply after the assignment of contracts from Firm A to Firm B?

A: If you are a firm that is no longer going to be pursuing work due to a change, such as an acquisition, administrative qualification of that firm is probably not necessary. However, it is important that you reach out to us to confirm the specific circumstances with regards to your firm.

Overhead rates remain the same throughout the life of the contract. If you acquire a firm, you are acquiring that contract, meaning any rates that were negotiated will stay in place.

Q: How does a merger or buy-out affect Historically Underutilized Business (HUB) status of sub-providers acquired by a non-HUB firm?

A: If a HUB firm is being acquired by a non-HUB firm, the status does change. However, it will remain in place until the end of the fiscal year.

With regards to Disadvantaged Business Enterprise (DBE) firms, we do have new information from our Civil Rights Division. The Federal Highway Administration has recently changed the federal regulations to say that if a DBE firm is acquired by a non-DBE firm, that DBE participation will cease. This rule change has passed at the federal level. PEPS is just awaiting more information from Civil Rights as to how we will implement that change. Civil Rights will also be modifying our TxDOT rules to reflect this change.

Q: How will the individual work authorizations (WA) under the master contracts be transferred now that the master contracts have moved? Are there any additional steps required, or do we just need to inform the project manager? Do we need to prepare a supplemental work authorization (SWA) to change the name on the WA?

A: Once a global supplemental agreement is executed, no supplemental work authorizations are necessary to initiate change for each Work Authorization. The work authorizations are changed inherently. Any additional SWA needed in the future for any WA, will automatically be issued under the new name.