

CONTRACT NEGOTIATIONS 101

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Manager

Public Works Commission

Water Resources Engineering

NEED FOR CONTRACTED PROFESSIONAL SERVICES

- Existing staff size
- Existing staff workload
- Special technical expertise
- Nature of the project
 - Uniqueness
 - Political

QUALIFICATIONS BASED SELECTION (QBS)

- Apply established policies and procedures
- Allows client/consultant collaboration
- Prompt and efficient completion of task
- Increased public confidence

PWC PROCEDURES FOR CONSULTANT SELECTION

- Send Request for Qualifications
- Hold pre-submittal meeting
- Receive Qualifications Statements
- Select review team
- Review independently
- Review as a team and agree on selection
- Begin negotiation of Task Authorization or Contract

DEFINITION OF A CONTRACT

- A legally binding agreement
 - Legal authority to contract
 - Lawful and compliant with statutes
- Between two or more parties
- An arrangement or understanding about action to be taken
- A written record of an agreement

KEY COMPONENTS OF CONTRACT (TASK AUTHORIZATION)

- Project description
- Scope of Service
- Responsibilities
- Compensation
- Schedule
- Termination
- Additional services (optional)
- Signature page

PROJECT DESCRIPTION

- Brief
- Clearly state project
- Subject indicated
- Services expected
 - Engineering Services
 - Evaluation
 - Design

SCOPE OF SERVICE

- Details of expected services
- Discussed in scoping meeting
- Agreed to by all parties
- Subdivided by specific task
- Each task provides details of expected services
- All inclusive of what is expected
- Include milestone meetings
- Permitting
- **DETAILS, DETAILS, DETAILS**

RESPONSIBILITIES

- Brief restatement of CONSULTANT services
- OWNER responsibilities
 - Maps
 - Old design drawings
 - Permit fees
 - Labor support

COMPENSATION

- Total amount
- Not to exceed
- Overages
- How payments received
- Staff time and hourly rate used to determine total
- Reimbursables

SCHEDULE

- Detailed
- Specific
- Format varies
- Include milestones
- Meet owners needs

Termination

- Necessary for legal purposes
- Defines reasons for termination
- Actions to be taken

ADDITIONAL SERVICES

- Optional
- Needs approval
- Specific services to be offered

SIGNATURE PAGE

- Authorized representative of all parties
- Dependent of local government requirements

**PUBLIC WORKS COMMISSION OF
THE CITY OF FAYETTEVILLE, NORTH CAROLINA
PROJECT NAME**

**PWC TASK AUTHORIZATION # SEQUENTIAL #
FOR
ENGINEERING CONSULTING SERVICES
BY
ENGINEER/CONSULTANT NAME**

In accordance with the General Services Agreement dated **March 1, 2005** between the **PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE, N.C.** (hereinafter called **OWNER**) and **ENGINEER/CONSULTANT NAME** (hereinafter called **ENGINEER**); **OWNER** hereby authorizes **ENGINEER** to proceed with the following services for the project:

I. PROJECT

The project includes the performance of engineering, surveying, sub-surface utility location and survey mapping services required to provide water utilities for the _____ Water Main project. The project will result in the construction of a 12-inch water main extension from an existing main on Darden Road. The proposed water line extension consists of approximately 1,300 linear feet of 12-inch water main running primarily along the east side of Kelly Road and approximately 500 linear feet of 4-inch water main running down Lynn Street. The design for the water line is to be completed by September 3, 2007.

II. SCOPE OF BASIC SERVICES

The Scope of Basic Services to be provided by the **ENGINEER** in connection with this Authorization is as follows:

Water Main Design:

1. Coordinate with soils / geotechnical engineering sub-consultant to test the soil in the construction zone for contamination near the surface (down to ten feet below the surface).
2. Perform preliminary layout of the new water line, including the tie-in to the existing water line.
3. Conduct sub-surface utility location activities to identify potential conflicts with other utilities.
4. Conduct periodic design review meetings with the **OWNER's** staff to gain input and keep them informed of project status. Submit plans for review of proposed alignments at the 50% design level. Submit final drawings and technical specifications, including plan and profile sheets, at the 100% design level. Incorporate **OWNER** comments.
5. Provide an opinion of estimated construction cost.

6. Conduct field reconnaissance with **OWNER**.
7. Prepare and furnish **OWNER** with easement maps and descriptions necessary to install the water main. Eight easements will probably be the maximum number required.
8. Prepare and submit a Water Permit for the proposed work to the Public Works Commission. Providing construction limits (disturbed area) can be kept to 24 feet, an Erosion Control permit will not be required.
9. Periodic construction observations will be required for fire **ENGINEER** to be able to certify the work.

III. RESPONSIBILITIES OF THE OWNER

OWNER will provide, in connection with this authorization, items specified in the existing agreement and as follows:

1. Provide **ENGINEER** all drawings, files, and other information necessary to the project design to include tax maps, topographic maps, PWC system maps, etc. The **OWNER** will assist in providing compatible digital transfer of data files and drawings.
2. Provide **ENGINEER** with digital files of approved **OWNER** construction details.
3. Payment to sub-consultants used by **ENGINEER** for the completion of the design of the water line.
4. Provide and/or obtain easement/right-of-way acquisition and associated costs to include appraisals, negotiations, court costs and appearances, etc.
5. Provide property owner notification in accordance with the General Statutes regarding field surveys on private property.
6. Provide review comments on all submittals in meetings arranged by the **ENGINEER**.

IV. ADDITIONAL SERVICES

1. Additional Services Requiring OWNER'S Authorization

A. If authorized in writing by **OWNER**, **ENGINEER** shall furnish or obtain from others Additional Services of the types listed below. These services will be paid for by **OWNER** in accordance with the terms of the existing General Service Agreement, as determined using the Consultant's current hourly rate schedule.

1. Services resulting from significant changes in the scope, extent, or character of the portions of the Project designed or specified by **ENGINEER** or its design requirements including, but not limited to, changes in size, complexity, **OWNER's** schedule, character of construction, or method of financing; and revising previously accepted studies, reports, Drawings, Specifications, or Contract Documents when such revisions are required by changes in Laws and Regulations enacted subsequent to the Effective Date of this Agreement or are due to any other causes beyond **ENGINEER's** control.

2. Furnishing services of **ENGINEER's** Consultants for other than Basic Services.
3. Services attributable to more than one prime construction contract.
4. Preparing Bidding Documents or Contract Documents.
6. Determining the acceptability of substitute materials and equipment proposed during the Bidding or Negotiating Phase when substitution prior to the award of contracts is allowed by the Bidding Documents.
7. Preparing for, coordinating with, participating in and responding to structured independent review processes, including construction management, cost estimating, and constructibility review requested by **OWNER**; and performing or furnishing services required to revise studies, reports, Drawings, Specifications, or other Bidding Documents as a result of such review processes. .
8. Other services performed or furnished by **ENGINEER** not otherwise specifically provided for in this Agreement.

V. TERMINATION

This Task authorization may be terminated by either party upon not less than 30 days written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination. The **OWNER** shall pay for all services performed and expenses incurred prior to the date of termination.

VI. SCHEDULE

The **ENGINEER** shall begin work immediately after the Authorization is executed and the alignment is finalized. Completed plans, specifications permit documentation and easement maps and descriptions for the water line are to be completed by September 3, 2007.

VII. COMPENSATION

OWNER shall compensate **ENGINEER** for providing the services set forth herein and as may be requested on an as-needed basis in accordance with the terms of the existing General Service Agreement, as determined using the **ENGINEER's** current rate schedule.

Basic Services:

1. **OWNER** shall pay **ENGINEER** for Basic Services set forth in this Task Authorization, except for Post-Construction Phase services, if any, as follows:
 - A. An amount equal to the cumulative hours charged to the Project by each class of **ENGINEER's** employees times Standard Hourly Rates for each applicable billing class for all services performed on the Project, excluding Reimbursable Expenses and **ENGINEER's** Consultant's charges, if any.

B. The total compensation for Basic Services is estimated to be \$ __ based on the following assumed distribution of compensation:

1. Sub-Surface Utility Location \$ _____
2. Field Survey and Base Mapping \$ _____
3. Easement Preparations \$ _____
4. Prepare plans and Specifications \$ _____
5. Project Management \$ _____
6. Observe Construction to Certify \$ _____

C. **ENGINEER** may alter the distribution of compensation between individual phases of the work noted herein to be consistent with services actually rendered, but shall not exceed the total estimated compensation amount unless approved in writing by **OWNER**.

D. The total estimated compensation for **ENGINEER's** services included in the breakdown by phases as noted above incorporates all labor, overhead, and profit, but does not include Reimbursable Expenses and **ENGINEER's** Consultant's charges.

E. The amounts billed for **ENGINEER's** services will be based on the cumulative hours charged to the Project during the billing period by each class of **ENGINEER's** employees times Standard Hourly Rates for each applicable billing class.

F. The Standard Hourly Rates will be adjusted annually to reflect equitable changes in the compensation payable to **ENGINEER**.

Reimbursable Expenses:

Reimbursable Expenses means the expenses incurred directly in connection with the performance or furnishing of the above described Scope of Services. The following allowances are made to allow **OWNER** to reimburse **ENGINEER** for actual expenses incurred in providing those services:

Soils / Geotechnical Consultant	\$ _____
Expenses	\$ _____
Water Permit Fee	\$ _____
Total Reimbursable Expenses	\$ _____

The estimated total compensation amount for the Scope of Services described in this Authorization, including Reimbursable Expenses, is established as a not to exceed fee of \$ _____. This is not a guaranteed maximum amount but **ENGINEER** shall not continue performing services in excess of this amount without further specific authorization of **OWNER**.

VIII. ACCEPTANCE AND AUTHORIZATION

ACCEPTED BY:

ENGINEER REPRESENTATIVE

BY: _____
Representative Name

TITLE: _____

DATE: _____

AUTHORIZATION BY:

**PUBLIC WORKS COMMISSION OF THE CITY OF
FAYETTEVILLE, NC**

BY: _____
Steven K. Blanchard

TITLE: _____

DATE: _____

1. Gather & Assemble Data

Principal	1.0 Hour	@ 135.00 =	135.00	
Professional Engineer	1.0 Hour	@ 115.00 =	115.00	
GIS Specialist	3.0 Hours	@ 75.00 =	225.00	
Jr. Designer	<u>3.5 Hours</u>	<u>@ 57.00 =</u>	<u>201.25</u>	
		SUBTOTAL =	\$676.25	675

2. Analyze Data

Principal	1.0 Hour	@ 135.00 =	135.00	
Professional Engineer	16.0 Hours	@ 115.00 =	1840.00	
Structural Engineer	<u>4.0 Hours</u>	<u>@ 135.00 =</u>	<u>540.00</u>	
		SUBTOTAL =	\$2515.00	2500

3. Surveying

Professional Engineer	2.0 Hours	@ 115.00 =	230.00	
Survey Crew	12.0 Hours	@ 122.00 =	1464.00	
Jr. Designer	6.0 Hours	@ 57.50 =	345.00	
Professional Land Surveyor	<u>2.0 Hours</u>	<u>@ 80.00 =</u>	<u>160.00</u>	
		SUBTOTAL =	\$2199.00	2200

4. Presentation, Maps & Reports

Principal	0.5 Hours	@ 135.00 =	67.50	
Professional Engineer	8.0 Hours	@ 115.00 =	920.00	
Jr. Designer	3.0 Hours	@ 57.50 =	172.00	
GIS Specialist	<u>4.0 Hours</u>	<u>@ 75.00 =</u>	<u>300.00</u>	
		SUBTOTAL =	\$1460.00	1425

5. Reimbursable

		SUBTOTAL =	\$200.00	200
				\$7000

Task	Item	Client Officer	Project Manager	CCI	Structural	TRC	ENEV6	ENG16	ENG13	CAD	Admin	Total Hours	Total Labor	Permit Fees	Per Diem	Rental Car	Mileage	Misc Exp	Total ODC Exp
1	Inspection		8		20			8	8			44	\$6,014				300		\$146
2	Survey and Sediment Sampling							6	6			12	\$1,283				150		\$73
3	Structural Evaluation of Split-way				20				10			30	\$3,658						\$0
4	Design Services																		
	Geotechnical Analysis		2					8	24			34	\$3,478						\$0
	Drawings	2	4		50	8		24	24	220		332	\$38,316						\$0
	Specifications	1	2		20	8		20	20		30	101	\$10,717						\$0
	Design Summary Report	1	2			4		8	20	8	8	51	\$5,286						\$0
5	Opinion of Probable Cost	1	1	16				6	6			30	\$3,680						\$0
6	Permitting Services																		
	401/404 Permit	2	4				28		24	8	8	74	\$8,017	\$570			200		\$97
	Dam Safety Permit	1	2					8	8	8	8	35	\$3,624	\$200					\$0
	Erosion and Sediment Control Permit	1	1					8			8	18	\$1,872	\$260					\$0
7	Bidding Services	2	8		8			8	8	16	24	74	\$7,905				150	\$500	\$573
8	Construction Services, General Services, On-Site Observation	4	16		40			50	40		40	190	\$21,595		5		1200		\$0
									450			450	\$39,060		50		7500		\$682
																			\$4,638
	TOTAL FOR ALL TASKS	15	50	16	158	20	28	154	648	260	126	1475	\$154,504	\$1,030	\$55	\$0	\$4,608	\$500	\$6,208

CLOSING COMMENTS

- Consultant is working for you
- Avoid task amendments
- Document performance to use in future selections
- Develop selection procedures
- Use available resources
- Do not be afraid to go to the next selection
- Do not be afraid to remove a consultant for non-performance – establish procedures