

401 – Design Fee Negotiations / Building Projects

401.1 Contract Types: Design services are procured using one of two methods - Master Agreement or Personal Services Contract (i.e. qualifications-based selection). Fee negotiations are handled differently for each type of procurement.

401.2 Master Agreements: Master Agreements require services to be billed on an hourly basis. As soon as the extent of the required services can reasonably be determined, the Architect-Engineer will be asked to submit a not-to-exceed fee amount for approval by the Division of Engineering and Contract Administration. For a typical Project, this occurs at the end of Phase A.

During the initial design effort, an interim Delivery Order will be issued. The Delivery Order will be modified upon approval of any upset fee amounts.

401.3 Personal Service Contracts:

- **Phase A Fee:** After the Architect-Engineer is selected, an initial fee is established by the Division of Engineering and Contract Administration based on the initial Project budget. This fee will cover all design services (except Programming, if required) through Phase A approval.
- **Final Design Fee Negotiation:** After Phase A approval, and upon notification from the Project Manager that the design process will continue. The Architect-Engineer shall contact the Executive Director of the Division of Facility Development and Efficiency and negotiate the design fees for Phases B, C, and D. This final design fee is to be a lump sum fee based upon the approved Phase A Cost Estimate. Initial negotiations between the Executive Director of the Division of Engineering and Contract Administration and the Architect-Engineer may be by telephone, e-mail or orally by appointment. Upon oral agreement of the proposed fee, the Architect-Engineer is to submit a letter of fee proposal to the Executive Director of the Division of Facility Development and Efficiency for acceptance.
- **Formal Approval:** The Division of Engineering and Contract Administration prepares a change order. A copy of this change order is forwarded to the Project Manager, Associate Director and Executive Director.
- **Architect-Engineer Contract Modification:** After formal approval, the Division of Engineering and Contract Administration executes a Contract Modification to the Architect-Engineer's contract to reflect the negotiated fee.
- **Additional Services:** If additional services are deemed necessary during the execution of the Contract, additional fees will be negotiated initially with the Project Manager. The proposed changes will be forwarded to the respective Associate Director for review and then to the Executive Director for final approval and contract modification.