STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

JAMES B. HUNT JR.
GOVERNOR

P.O. BOX 25201, RALEIGH, N.C. 27611-5201

E. NORRIS TOLSON
SECRETARY

January 21, 1998

To: **L&S Group Leaders**

From: **D. E. Burwell, Jr., PE** D. E. B. Jr.
State Location & Surveys Engineer

Subject: **New Procedures for Scoping and Negotiating Work**
Addendum to Proc 97-4

Just as the Area Engineers have been given responsible charge for evaluation of GPS activities, I am asking them to take an active role in the evaluation of the training and progress of our field staff in the scoping and negotiation processes. Also, we need here in Raleigh a well documented negotiation trail on projects. In order to achieve both of these goals with a minimal impact on the field office activities, I am implementing procedural changes in the Scoping/Negotiation process taking place in the field.

First, some names and definitions:

<u>NCDOT Policies and Procedures for Major Professional or Specialized Services Contracts</u>
This manual is included with this letter. Please read this carefully.

For Limited Services Agreements:
Contract Initiator - the Unit Head (Danny Burwell) is the Contract Initiator.
Contract Administrator - the PEF Group Leader (Dale Burton) is the Contract Administrator.
Contract Negotiator - the PEF Group Leader (Dale Burton) is the Contract Negotiator.

We are coining some new terms:

Project Negotiator - The Contract Negotiator can appoint a representative to act in her/his place. This is what we have done with the Group Leaders. The Field Group Leader will act as the negotiator of man-hours on specific projects.

Projected Cost Appraisal (***PCA***)- The projected cost given to the Contract Administrator, along with the request for a consultant to do work. The (***PCA***) should be calculated utilizing current average in-house salary rates with an 140% overhead and 9% fee. This is a ballpark amount based upon lengths, difficulty, etc., in order for the Contract Administrator to determine what firm(s) have sufficient dollars left in their contracts to do the requested work.

Initial Man-Hour Estimate (***IME***) - This is your initial estimate of the man-hours necessary to perform the requested task(s), that was determined based on the established scope of work. This is the estimate that you have reviewed and approved with your TE I/TT VI (earlier versions are scratch copies and can be disposed of). This estimate should be developed after you have scoped the project with the assigned consultant and prior to negotiations. This also is the estimate that will be used to compare differences with the Consultant's estimate and commence negotiations with the Consultant.

*Revised Man-Hour Estimate (**RME**)* - This estimate is used to show any intermediate revisions of the initial estimate (***IME***), which was used in the 1st negotiation meeting. The Revised Man-Hour Estimate (***RME***) will usually be used when there is a need for a 2nd negotiation meeting with the consultant to resolve any differences. There will be no need to fill out an (***RME***) if the changes to the (***IME***) will be considered final. Those changes can be shown on the (***FME***); therefore alleviating the need for the use of the (***RME***). Any changes made on any line items must be shown on either the (***RME***) or the (***FME***) with notes provided for justification as to why the change was made.

Final Man-Hour Estimate (FME) - This is your final man-hour estimate for the project. It may also be the same as your initial estimate, or a revision of your initial. Any changes between the (***IME***) and the (***FME***) need to be documented as to justification of revision.

Total Approved Man-Hours (TAM) - This is the man-hours which you accept as the consultant's final allowable number of man-hours for which we will pay on a task or project. The (*TAM*) may or may not be exactly the same as your final man-hours (*FME*) estimate, but the (*TAM*) cannot be more than 5% greater than your (*FME*). However, the (*TAM*) can be greater than 5% less of the (*FME*) if the Project Negotiator is confident that the scope of work is clearly understood by both parties. The (*TAM*) should match exactly what the consultant sends to the Contract Administrator for finalization of project negotiation.

Initial Consultant Estimate (*ICE*) - This is the consultant's initial estimate. This is usually a fax copy of the consultant's first estimate to your office. This is the consultant's estimate that is used to compare with the (*IME*) to commence negotiations. Any negotiated hours to this estimate can be shown on this estimate in ink with a mark through the consultant's original hours. This estimate if transmitted to the Contract Administrator in hard-copy format can suffice as both the (*ICE*) and the (*TAM*) as long as any negotiated hours are shown on this estimate with the original hours.

Negotiation Procedures

When you initially contact the Contract Administrator for PEF involvement on a project, you should give him a Projected Cost Appraisal (*PCA*). I am asking Dale by this memo to put additional Cost Estimate worksheets in the current PEF Request Form template to account for the (*PCA*), (*IME*), (*RME*), (*FME*), and the (*TAM*). The (*PCA*) should be a somewhat realistic "guess". The process described in the (*PCA*) definition should be followed for calculating this estimate.

A copy of the Excel Workbook including the (*PCA*), (*IME*), (*RME*), (*FME*), (*TAM*), and a hard-copy of the (*ICE*) should be transmitted to the Contract Administrator for filing in the main PEF contract files at the Century Center. Printed hard copies of the (*PCA*), (*IME*), (*RME*), (*FME*), and the (*TAM*) estimates are fine. Along with the field estimates, justification for any changes in the field estimates of greater than 5% need to be included. Revisions to field office estimates (including the *FME*) may be shown in ink on the hardcopy with a justification note or electronically on the (*RME*) or the (*FME*) in the individual cell in which the change was made with a justification note in that cell. No justification on any line items are required between the (*PCA*) and the (*IME*). The format of the final estimate (hard copy or electronic) is the Project Negotiator's choice as long as a paper trail of the negotiation process can be produced.

If the PEF is no more than 5% greater than you on any line item, neither of you need to change that item's estimated time. If the consultant is more than 5% less than your (*IME*), you should evaluate whether that person (or you) has made a reasonable estimate and is sure of the scope. If you are confident the scope is clearly understood by both parties, you can accept the man-hours estimated by the PEF even though the difference on that line item is greater than 5% less of the Initial Man-hour Estimate (*IME*). If you are unable to agree on a line item within the 5% margin, you can also accept some line items on the PEF's estimate that are greater than 5% of the (*IME*). However, even though you do not need to agree within the 5% margin on every line item, the total approved man-hours (*TAM*) cannot be greater than 5% above the final man-hour estimate (*FME*).

You will forward to the Contract Administrator **1)** your (*PCA*); **2)** your (*IME*); **3)** any (*RME's*); **4)** your (*FME*); **5)** the (*TAM*). These can be electronic or paper, but they should be labeled appropriately. You will also forward on to the Contract Administrator, a hard-copy of the (*ICE*). The (*TAM*) is the check to ensure that what the PEF forwards to the Contract Administrator for contract finalization has been agreed to by you. This should match exactly what the PEF submits to the Contract Administrator. If it does not, the Contract Administrator will contact you so that you may verify the PEF's final man-hours submitted.

Based upon the (*TAM*) submitted by you and the final estimate submitted by the consultant, the Contract Administrator will review the negotiation process and finalize the project contract (basically, sign it) and return an original to the PEF and file an original for the project PEF files. The Contract Administrator or one of his staff will give a verbal Notice-to-Proceed to the PEF and either inform the Project Negotiator by phone or e-mail of the Notice-to-Proceed. ***Note**, the Contract Administrator and the Unit Head or their designee are the only authorized authorities to give a Notice-to-Proceed to a consultant.* The contracted amount paid for the project will be based upon the Project Negotiator's negotiated and approved man-hours on the (*TAM*). The Contract Administrator will be responsible for the classification rates, overhead, fees, etc. needed to calculate the final (*TAM*) cost.

I have asked Dale Burton to review these estimates as they come in, to ensure that NCDOT administrative procedures are followed. This is to guarantee that we have proper documentation of the negotiations in the project files. He will be reporting any questions, suggestions, or concerns to the Area Engineers for follow-up. He may, at the Area Engineer's request, go directly to the Group Leaders, with additional notification to the Area Engineer. Dale's involvement in negotiations review will be on an interim basis, dependent upon my and the Area Engineer's comfort with the negotiation process.

Areas of Responsibility

As the Field Group Leader, you are responsible for those projects handled through Location & Surveys. This includes those projects done by you and those projects done through one of our (L&S's) Limited Services Agreements. You have the responsibility of ensuring that all data for that project is accurate, that all data collected is needed, and that all data needed is collected. It is the Group Leader's responsibility to request PEF involvement, to scope projects, to set dates compatible with your own project deadlines and ensure that those dates are met, to review data, and to transmit data to the Central Office staff for delivery to the requesting agent on time. Due to liability issues, changes or revisions to the consultants' work products must be coordinated and resolved with the consultant. It will be the responsibility of the Group Leader to maintain accurate and up-to-date progress reports on all PEF project assignments. This will include Conventional Surveys, SUE, GPS, and Vangarde. It is also your responsibility to notify the Contract Administrator by e-mail when all work has been delivered and accepted, so that the PEF can prepare and submit a final invoice for payment. Undue delay on NCDOT's part in payment for acceptable services rendered will affect NCDOT's credibility and could result in litigation.

The Group Leader will be responsible for supplying the Contract Administrator with an evaluation of the Consultant's work performance on each project assignment. This should be electronically sent directly to the

Contract Administrator utilizing the latest version of the *Eval.xlt Excel spreadsheet.* All evaluations on each project assignment must be evaluated and transmitted to the Contract Administrator within 30 calendar days of the project's final due date for Location and Surveys.

The Group Leader will be responsible for scoping SUE, GPS, and Vangarde PEF project assignments. Because of the special concerns of SUE, GPS, and Vangarde work, Dale and his staff will be responsible for those negotiations. The review and evaluation of SUE and Vangarde will be the responsibility of the Group Leader. GPS projects should be reviewed by the field office to ensure that the requested scope of work has been performed by the consultant. Further review of the GPS work products will be included at a later time as an additional responsibility when the field offices have reached a further comprehension level of GPS requirements. Scoping information will need to be transmitted to Dale for these negotiations as usual.

As the Contract Administrator, it is Dale's responsibility to ensure that the terms of the contract are abided by, that services requested are rendered acceptably, and that payments are made in a timely manner. If any questions or concerns arise from a project or procedure that could impact implementing and fulfilling the contract, Dale needs to be notified. If you are uncertain whether an action on your part may impact only a project or the entire contract, notify Dale for his determination of his need to be involved. Please remember that it may be better and less expensive to question when in doubt rather than to be proven wrong later at a monetary cost.

It is the further responsibility of the PEF group to act as Project Negotiators for Design Service Turn-Key (DSTK) projects, and to provide the preliminary scope and review of survey data provided by those consultants working on DSTK projects. At times they may come to you for assistance in verifying field information if needed.

Naming Conventions and Electronic File Transmittals

All requests utilizing the latest version of the Excel request forms for PEF work should be transmitted via FTP electronically to LS6 utilizing the *"nreqmail"* log-in and the *"pef"* password. All requests should be stored in the D:\nreqmail directory on LS6. A 1st request should be transmitted in as **TIP#_.req** *(request).* **Example: B2915c.req.** This will include any informative notes, special requests, the **(*PCA*)** filled out and any other information that would be of help for the Contract Administrator to make a logical Consultant assignment. The following file extensions need to be adhered to so that type of requests can be identified by the file name:

Survey Naming Conventions:
c-Conventional Survey requests
x-Additional Survey requests
s-GPS requests
u-SUE requests
v-Vangarde requests

Once you have scoped and negotiated this project, it should be transmitted in as **TIP#_.est** *(estimates)*; **Example: B2915c.est.** This will include any scoping revisions, notes, remarks, **(*PCA*)**, **(*IME*)**, **(*RME*)**, **(*FME*)**, and the **(*TAM*)**.

On a 1st supplemental request, it should be transmitted in as **TIP#_.sr1** (*supplemental request #1*). **Example: B2915c.sr1.** This will include the same information as a 1st request. Once you have scoped and negotiated the supplemental, it should then be transmitted as **TIP#_.se1** (*supplemental estimates #1*). Each supplemental here after will follow this same pattern. **Example: TIP#_.sr2** then transmitted as (after scoping and negotiating) **TIP#_.se2.**

Included with this memo is an example project utilizing the cost estimate forms. This only an example and not intended to meet all requirements needed for a project. The electronic version of new Conventional Request Form can be downloaded from \\cc4\public\public\L&S\Support\L&SForms\Convreq.xlt. This is version 2.00 of the Excel spreadsheet. This needs to be loaded in the MSOffice\Excel\XLSTART\ directory on each computer that utilizes MSOffice.

Thank you for your attention and cooperation in this matter. I hope that this has helped clarify some of the concerns expressed about these activities. If it has not, and you have further questions or comments, please do not hesitate to contact either this office or your Area Engineer.

DEB:cwb

cc: Area Engineers