

## **Lump Sum Construction Engineering Inspection (CEI) Pilot**

*The guidance provided herein is only applicable to the approved pilot projects.*

The objective of the pilot, in keeping with the Governor's bold vision for transportation, is to achieve efficiencies in transportation infrastructure project delivery.

In the realm of CEI, the Department is evaluating ideas to incentivize the CCEI to partner with the contractor to complete the construction project faster, and empower the CCEI on the project. With the pilot lump sum projects, the intent is to incentivize the consultant to manage their resources (budget and staffing levels commensurate with construction activities and contractor operations), complete the project within budget, and finish the job early so as to maximize their profit on the lump sum job. For the pilot projects, the range of 6 to 9 percent of construction costs shall be used to establish the lump sum ceiling (budget). The lump sum ceiling is inclusive of CEI field office costs, such as field office rent, field office set-up/mobilization and demobilization costs. The lump sum maximum budget shall be published in the CEI advertisement. District Procurement should include the following statement in the advertisement: "Lump Sum CEI Pilot Project. The maximum budget available for this subject lump sum CEI project is \$\_\_\_\_\_. Additionally, the contract shall include the following provision: The cost and method of compensation for this agreement is subject to re-negotiation if the original construction contract time changes + or – 10%, not counting weather days or holidays. The re-negotiation of the cost shall be limited in case of an increase only to the extent in excess of 110%, and in case of a decrease below 90%. In the event costs are re-negotiated as a result of changes in the construction contract time, adjustments to the compensation shall be made by contractual amendment. The daily rate for adjustments to contract time shall be prorated based on original negotiated CEI contract costs divided by original construction contract days." Consultant firms can then make the business decision to pursue the project, based on the advertised maximum budget. The Consultant is still required to submit an audit package during negotiation. However, the negotiated total "hours x rates" cannot exceed the advertised maximum lump amount which was established in the advertisement.

Services rendered after completion of scheduled project services, including but not limited to construction claims assistance will be negotiated as a supplemental amendment, and will not be included or subject to the lump sum maximum budget.

Contract negotiations for level of effort cannot exceed the maximum advertised budget. After negotiations, the consultant should be afforded the responsibility in the field and the flexibility to assign and manage their own resources, as long as the CCEI provides the necessary project oversight, inspection, and testing to CPAM standards. The Department will renegotiate the cost of compensation if construction contract days changes by plus or minus ten percent, excluding weather days and holidays.

Districts should record the performance metrics for each project using the internal spreadsheet provided for this purpose, and provide the feedback to the State Construction Office and the Chief Engineer.