

This chapter outlines requirements for the Project Manager to follow in managing the contract that is executed between the FDOT and the Consultant for design services. The Consultant is responsible for the execution of the work under the terms of the agreement, and the Project Manager has a responsibility to enable the Consultant.

Contract Management

Once contract negotiations are completed, the contract is executed and the Notice to Proceed (NTP) has been issued, work can begin. Florida law requires funds approval prior to executing the written agreement. Both the funds approval and the written agreement must be executed prior to beginning any work. Work performed before the funds are encumbered and the contract is executed cannot be paid for under the contract.

The encumbrance process, as described in ***Procedure No. 350-20-200***, [Contract Funds Management - Funds Approval](#), ensures the budgeted funds are allocated for payment of the specific contract.

Elements of the Contract

STANDARD CONTRACT TERMS

Standard Terms can be found within the FDOT [Procedure No. 375-030-002, Standard Professional Agreement Terms](#).

PROFESSIONAL SERVICES AGREEMENT

This document, signed by both parties, specifies the terms of the agreement, as well as the legal responsibilities and rights of both parties. It includes the

contract number, the financial identification number, the date of the agreement, the Consultant information, the title of the project, the term (duration) of the contract and the schedule of services, insurance requirements, a list of subconsultants, and references to the contract terms, scope of services and method of compensation.

SCOPE OF SERVICES

The scope of services is the specific work requirements for the consultant. See ***PMG 225 Scope of Services*** for specific information included in a scope of services.

METHOD OF COMPENSATION

This section includes the compensation amount and method, invoicing procedures, and final audit and closeout requirements. Methods of compensation normally used are discussed in detail in the [Negotiation Handbook, Professional Services Contracts](#).

The FDOT utilizes the lump sum method of payment for professional services when the scope of services is well defined and the level of effort can be reasonably predicted. Cost Reimbursement is used when the scope of services is sufficiently vague or complex that the level of effort or expenditure cannot be estimated with reasonable accuracy. Cost per Unit of Work is used for repetitive services such as lab tests, soil explorations, traffic counts, or bridge inspections. Specific Rates of Compensation may be used on a design contract for ancillary minor services (e.g., geotechnical, surveying and mapping, landscape architecture).

- **Lump Sum:** Consultant agrees to complete the scope of services for a specific amount. Invoices are for a percent complete by task, deliverables or other milestones. The use of lump sum contracts for CEI work is prohibited unless the "extent, scope, complexity, character and duration of the work" have been established. Approval by the State Construction Engineer is required to negotiate a lump sum CEI contract.
- **Limiting Amount/Cost Reimbursement:** The Consultant is reimbursed the actual costs incurred in the performance of the contract. A "maximum limiting amount" is normally established to cap the amount the Department will pay for the services. This method is used when the services are so vague or complex that the level of effort or expenditure cannot be estimated with reasonable accuracy. Limiting Amounts can often be found within the Post Design Services.
- **Cost per Unit of Work:** A negotiated unit rate for a repetitive task or deliverable product is established and paid for each unit produced. The unit rate is not subject to adjustment. A maximum limiting amount is normally established based on the estimated number of units required. Invoices are based on the number of units completed.
- **Specific Rates of Compensation:** In this method, a billing rate is negotiated which commonly includes labor, overhead, FCCM, and operating margin. Direct expenses can be included in the billing rate, but sometimes they are paid separately at actual costs. These contracts are invoiced for actual hours expended in the same manner as Cost Reimbursement contracts, the difference being that all individual cost items are included in the negotiated rate. A maximum limiting amount is normally established. FHWA has approved use of specific rates of compensation (i.e., fully loaded billing rates) for all types of maximum limiting amount contracts, except for project specific design contracts.

Contract Types

There are two basic types of contracts commonly used by the FDOT:

PROJECT-SPECIFIC CONTRACTS

Project-specific contracts are typically used on single, large projects and are to complete a specific work phase of one or more projects.

Project-specific contracts can contain options for services needed but not funded at the time of the contract. Optional services are frequently not negotiated until the decision is made to exercise the option (requires a letter of authorization to proceed). Commonly used options are design services for Supplemental Survey, Supplemental Soil Borings and other minor design services. If the scope and level of service for tasks are difficult to foresee at the beginning of long-term contracts, it may be appropriate to include those tasks in the Scope of Services to be negotiated later as a Supplemental Amendment.

TASK WORK ORDER (TWO) CONTRACTS

TWO Contracts are typically used for relatively small projects or tasks of a similar nature over an established time period (e.g., Districtwide, General Engineering Consultant Contract, Continuing Service Contract).

Task assignment contracts are designed to select a qualified consultant to perform projects or tasks until a budgeted contract amount is exhausted. The actual tasks to be performed are usually not identified at the time of consultant selection and contract negotiation. The consultant is selected based on qualifications, staff and capability to perform the tasks. Negotiations establish the rates to be applied to individual assignments. Once the contract is

executed, individual TWOs are negotiated as needs arise. Depending on the structure of the base contract, TWOs may be lump sum, cost reimbursement or unit cost. The Project Manager must verify that the fee sheet provided by the Consultant contains rates that exist in the Exhibit B, Method of Compensation.

See *Procedure No. 375-030-010, [Amendments and Task Work Orders For Professional Service Agreements](#)* for specific instructions on the preparation of Task Work Orders.

All individual TWO assignments must be completed prior to the expiration date of the overall contract. No TWO assignments may have an ending date past the expiration date of the contract.

Contract Management Assistance

The Project Manager should consult the District professional services staff within the Procurement Office or Procurement Office staff in the Central Office if any contractual question or issue arises.