Parsons Brinckerhoff, Inc.

# Section 3 – Project Start-Up and Contracts

## Project Delivery Basic Training

February 2011

# Objectives

- Explain the “Start right, stay right” principle
- Explain the PM initial focus on client and big picture – need to secure the details as well
- Institutionalize best practices and standard operating procedures using BMS

We celebrate winning a job. Let’s make sure we are proud to celebrate finishing a project.

# Four Contract Commandments

Do not start work without a contract

Do not sign a contract without review and approval

Regularly read and understand the contract

Complete an Agreement Reservation Form to establish a project number (BMS PD201-01) and an Agreement Set-Up/Funding Form to establish funding or modify set-up (BMS PD204-05)

# Agreement Reservation Form

AGREEMENT RESERVATION FORM

Agreement No.
(to be provided by Area PA Manager)

Requested By:

Date Submitted:

Agreement Name:

Proposal No.:

Project Manager:

Cost Center:

TEC Manager:

Project Start Date:

RBM:

P.A.:

AM:

LPA:

Customer Name:

Contract Type:

If other, please exlain:

JV agreement

O/H rate:

Labor Multiplier:

Estimated Contract Value:

Estimated PB Share:

Approx. Sub Value:

Special Contract Provisions:

Provisional Overhead Rate:

If Yes, rate adjusted:

If other, please explain:

Bill Rates / Salary Caps:

Retainage Withheld:

If other, please explain:

Submit by Email

Print Form

PD 201-01, Rev 2, dated 05/10

# PB Agreement Set-Up/Funding Form

## PB AGREEMENT SETUP / FUNDING

You MUST follow the INSTRUCTIONS (Tab 2 below) BEFORE submitting this form to New York

Action Requested (Check Only One):

- ☐ ORIGINAL CONTRACT
- ☐ TRANSFER OF FUNDS
- ☐ CONTRACT
- ☐ FUNDING w/o BACKUP
- ☐ PENDING MOD. (Send to OFS)
- ☐ NOTICE TO PROCEED
- ☐ CHANGE OF DATA
- ☐ CLOSEOUT
- ☐ FUNDING DOC. FOR FILING ONLY

Agreement Owner: _____ (Project Manager)

PB Agreement Number: _____

Customer: _____ (Use Same Name as Entered into PBIS)

Agreement Name: _____

Enforce Revenue Limit: ☐ Yes ☐ No

Total Revenue: (Base Contract & All Mods) _____

Additional Revenue: (Funded with this Request) _____

**For Joint Venture (JV) Projects**

JV Contract Value: _____ (Value of JV Contract with Ultimate Client: PB + JV Partner + Subs)

### FUNDING

| Project Number | Modification # | Date of Mod | $ Total To be Funded | PB Share $ | Subconsultant $ | Direct Expenses $ | Margin Goal $ |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
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***Note**: Margin Goal required for all Transportation Division Projects

PA Comments: _____

Name of PA Submitting: _____ DATE: _____

**For PBIS Support (these numbers MUST be submitted when requesting assistance):**

Total Desired Project Funding _____

Total Existing Project Funding _____

Amount of the Difference _____

Accrued Revenue on Project _____

Project Cost Budget _____

Total Project Costs ITD _____

**Authorized Signatures:**

_____ **Manager**
*Per Delegation Of Authority Matrix BM 100, Appendix D*

_____ **Contract Services**

*PD 201-09, Rev 1, 08/10*

# Contract Types

- Lump Sum/Fixed Price
  - Low risk to owner – Contractor holds cost responsibility – Scope must be well defined
- Cost Plus Fixed Fee
  - Owner cost not fixed – Contractor cost responsibility minimized – Variations exist
- Fixed Rate
  - Agreed to criteria for assigning categories – Benefits contractor to use lower end people within category
- Time and Materials
  - Used when difficult to estimate cost/duration – No incentive for cost control or labor efficiency

# Contract Terms

- Standard of Care
- Indemnification
- Liens
- Assignments
- Disputes
- Notice
- Waiver

If you are unclear on meaning,
find someone who can assist!

# Subconsultant Selection

- Best Value Assessment (BVA)
  - Required for selection of most work performed in Brooks Act work per Part 36, FAR
  - PB Americas BVA User's Guide http://ennycpor08/spq/Defalt.aspx
  - PB Americas Subconsultant Prequalification (SPQ) Portal Initial Registration User's Guide https://spq.pbworld.com/spq/Login.aspx

# Subconsultant Agreements

- When you have subconsultant agreements
  - Address scope, schedule, budget, quality control and assurance
  - Do not begin subconsultant services until PB contracts group has confirmed subconsultant insurance coverage meets requirements.
  - Institute periodic subconsultant evaluations (BMS - LD202-02)

# Agreements with TEC

- Informal
  - Hand-shake approach
- Formal
  - Subconsultant agreement approach

PM and project delivery team are ultimately responsible for the welfare of the project.

# Invoicing – Payment Cycle

**From the Invoice…**

**Back-up Documentation**

**Progress Report**

**Invoice**

- **Contract Number:**
- **Contract Name:**
- **Period End Date:**
- **Amount Previously Invoiced:**
- **Current Invoice Amount:**
- **Balance Remaining:**

**The Client Pays PB**

**PB pays**

- **Payroll to PB Employees**
- **Subconsultants**
- **Direct Expenses**

**PB submits another invoice**

# Invoicing and Progress Reporting

- Invoicing is the bill for professional services to the client
  - Client requirements may dictate documentation, formatting and reference to progress reporting
  - Establish agreement on format and process early
  - Establish invoice schedule for entire project delivery team

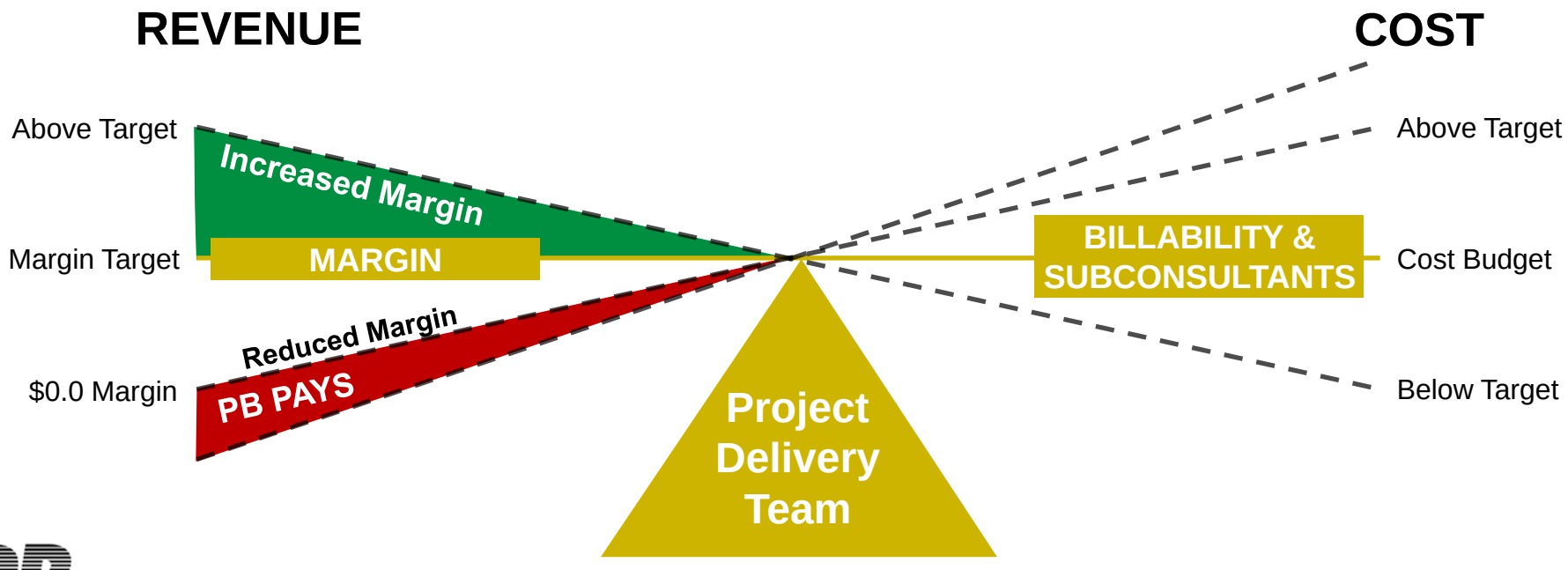
Make invoicing and progress reporting a team priority.

# Document Control

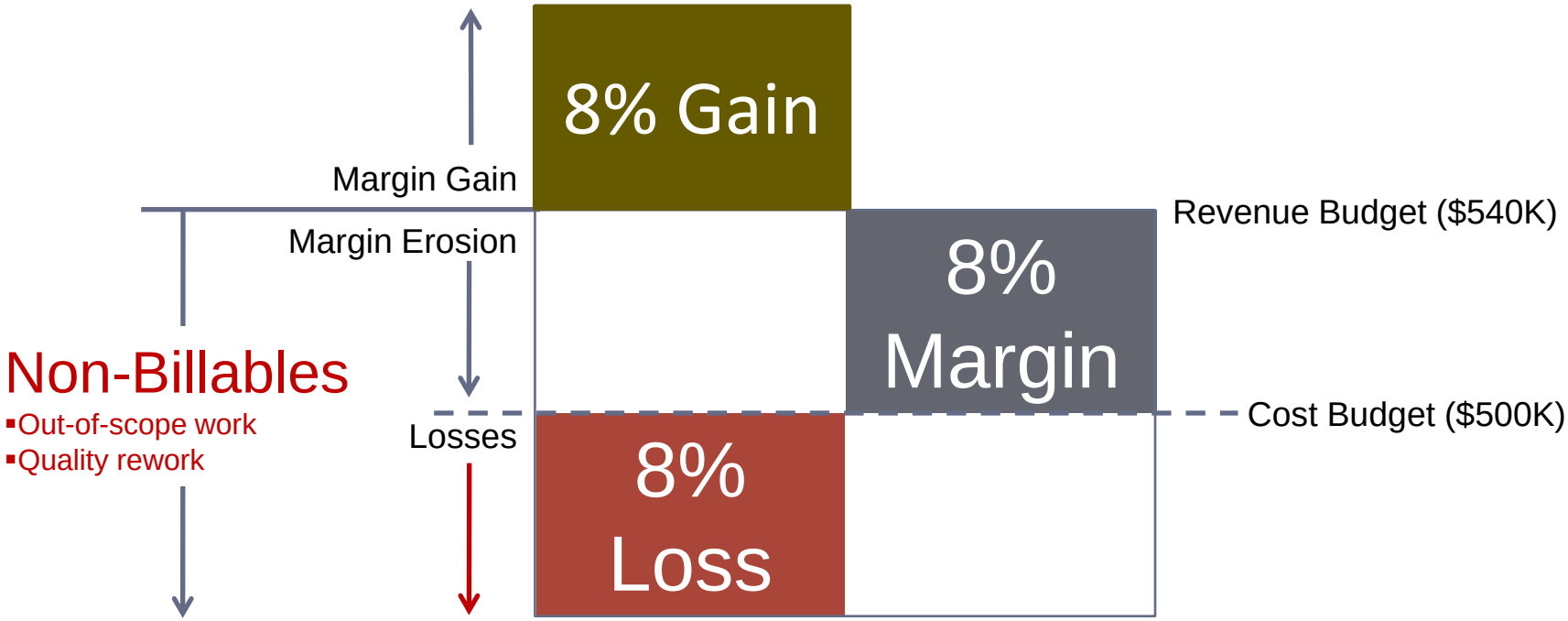
- Process that allows for the storage and retrieval of all documents related to the project
  - Designed to meet the requirements of the project
  - Defined filing plan with protocols for retention of all hard copy, email and soft copy of incoming and outgoing documents (BMS PD 201-06 Project File Structure Template)

# Project Delivery Balancing Act

- Variable factor: type of contract
  - Lump sum
  - Cost Plus Margin
  - Cost Plus Fixed Fee



# Margin Gain and Erosion Impacts




If 5% of all active projects gain/lose $40K of margin, we either gain $4.3M of margin, or we erode $4.3M of margin

# “Wordsmithing” Exercise

- Maintenance of traffic (MOT) activities
  - The client has selected one of your employees to be the “safety officer” on your project.
  - The home office risk management people read the memorandum notifying the employee about this and are concerned.
  - Your newest field office engineer (a recent graduate) has begun a draft reply to the memorandum.
  - You are tasked with reviewing and modifying the reply so that it reflects the best possible input. You can add, subtract or modify anything you want.

# Exercise – MOT Activities

- Remove = ~~Red~~; Add = Blue
- Lines 1-4
  - As requested, we have named [ ] as the MOT Inspector on the subject contract. As required, [ ] has successfully completed VDOT's Work Zone Safety training class. The standards for the MOT Inspector are the ~~Plans,~~ Plans for the referenced contract and the Virginia Work Area Protection Manual (appropriate date reference) (collectively, "MOT Standards"). The ~~primary~~ duties of the MOT Inspector are to:

# Exercise – MOT Activities

- Lines 5-8
  - ~~Assure~~ Once each week, evaluate Contractor compliance with the MOT Standards ~~during the hours that the MOT Inspector is on the project~~. Promptly advise the Contractor and the Department of non-compliant Contractor installations.

# Exercise – MOT Activities

- Lines 9-12
  - ~~Insure~~ Verify Contractor compliance with the MOT Standards during nights, weekends, and after severe weather conditions if the MOT Inspector is on site at those times. The Department shall determine and approve in advance the overtime hours that may be required for the MOT Inspector to be on site during nights, ~~at a frequency determined and approved in advance by the Department.~~ weekends, and after severe weather conditions. Promptly advise the Contractor and the Department of observed non-compliant contractor installations.

# Exercise – MOT Activities

- Lines 13-16
  - Complete the Work Zone Safety Check List provided by the Department each time that the MOT Inspector ~~approves~~ evaluates Contractor compliance with the MOT Standards, and forward the completed check lists to VDOT's designated representative for incorporation into the project records.

# Exercise – MOT Activities

- Think about adding
  - Contractors are charged with the sole responsibility for conducting their operations in a manner that shall ensure safe working conditions at all times for all employees, subcontractors, consultants, the motoring public, and all others who may come in contact with, or be exposed to, any work performed to complete the Project. Knowledge of this memorandum for MOT Inspector shall not relieve any Contractor or Subcontractor of the obligations assumed by the Contractor or Subcontractor under the provisions of their contracts or subcontracts, or as required by law.

# Summary

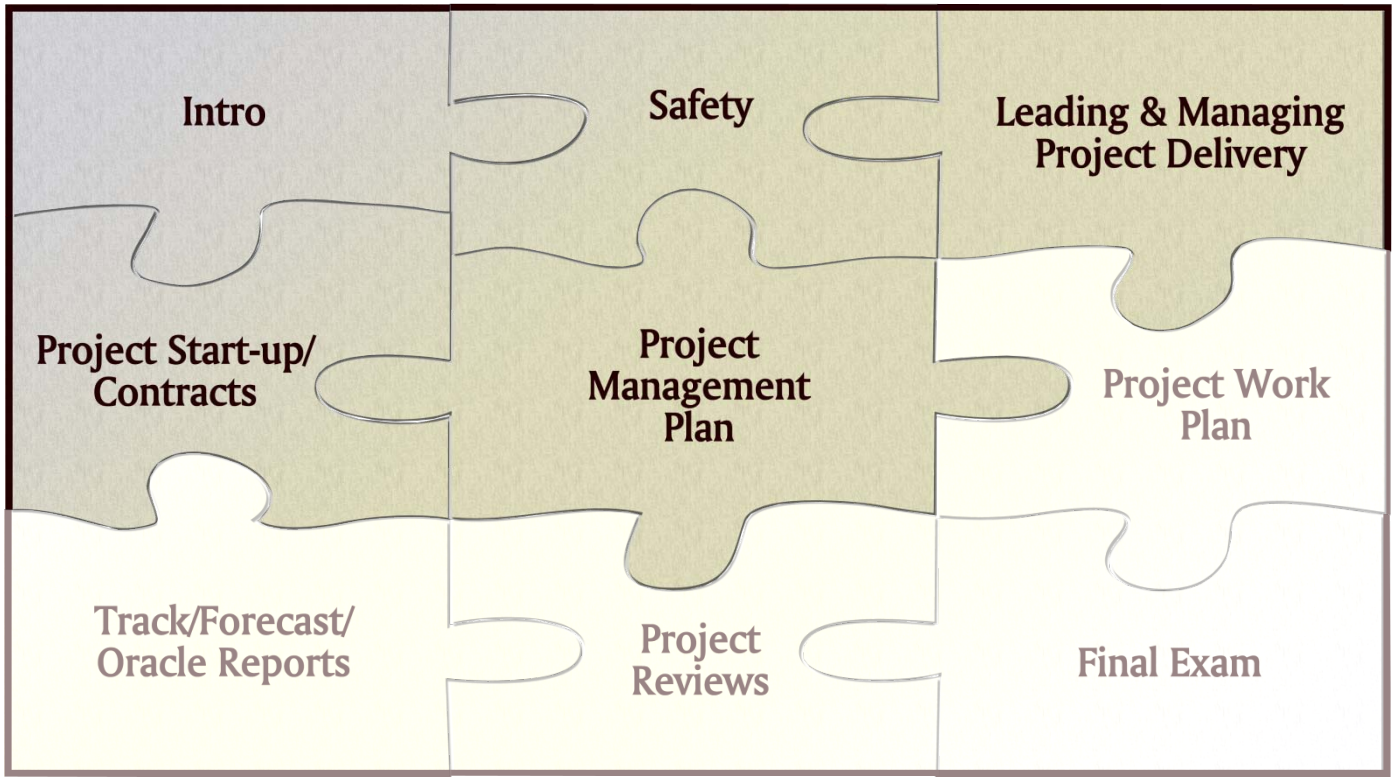
- Be a student of your contract
- Make project invoicing a team priority
- Confirm subconsultant/internal agreements
- Establish a document control process early

Start right, stay right.

# Reference Documents and Additional Training

- BMS, PD 200, PD201, PD 204, LD 202-02
- PB University
  - Skillsoft Project 05a02 Project Management Overview
- PB Café
  - PM Tools
  - Project Set Up

# Agenda


Intro
Safety
Leading & Managing Project Delivery
Project Start-up/ Contracts
Project Management Plan
Project Work Plan
Track/Forecast/ Oracle Reports
Project Reviews
Final Exam