

Project Management Principles

The Professional Services Contract



Target Audience

- Novice Project Manager
- Experienced PM, New to FDOT



Contents

- Project Manager—Role & Responsibilities
- Contract Essentials
- Contract Management
- Common Challenges in Project Management



PROJECT MANAGER— ROLE & RESPONSIBILITIES



Manage the Project Experience

- Project Owner—FDOT
- Project Team:
 - Internal, Prime Consultant, Subs
- 3rd Parties
 - Agencies, Locals, Utilities



Responsibilities

- Technical: Do NOT have to be technical expert



Responsibilities

- Technical: Do NOT have to be technical expert
 - Location Survey
 - Roadway
 - Drainage
 - MOT
 - Pavement Design
 - Signing & Marking
 - Signalization
 - Specs & Estimates
 - Structures
 - Utilities



Responsibilities

- Technical: Do NOT have to be technical expert
- Administrative
 - Contracts
 - Funding



Responsibilities

- Technical: Do NOT have to be technical expert
- Administrative
 - Contracts
 - Funding
- Business Development



CONTRACT ESSENTIALS



Consultant Acquisition

- QBS vs. Low Bid
- CCNA—Section 287.055, F.S.
- <http://www.fleng.org/FICE/ficeccna.cfm>



Professional Consultant Qualification

Procedure No. 375-030-001-d

- To contract with FDOT, consultants must possess administrative and technical qualifications for the advertised Type of Work.
- Work Types: Sect. 14-75.003, F.A.C.



Sample Types of Work

- 3.1: Minor Highway Design
- 3.2: Major Highway Design
- 4.2: Major Bridge Design
- 6.1: Traffic Engineering Studies
- 6.2: Traffic Signal Timing
- 8.2: Design, R/W, and Construction Surveying
- 9.3: Highway Materials Testing



FDOT QBS PROCESS



Acquisition of Professional Services

Procedure No. 375-030-002-i

- Advertisement
- Longlist/Shortlist
- Request for Proposals
- Scope of Services Meeting



Acquisition of Professional Services

Procedure No. 375-030-002-i

- Review of Technical Proposals & Presentations
- Ranking of Firms
- Negotiate Contract
- The Agreement



Advertisement

- Annually the Procurement Office publishes planned projects for pre-qualified consultants:
 - Name & Description
 - District & County
 - Major/Minor Types of Work
 - Estimated Construction Cost
- Request Letter of Response



Advertisement

Projects that do not conform to pre-qualified Types of Work will require consultants to submit a Letter of Qualification.

Contents are determined by the Project Manager.



Longlist

- Developed from Letters of Response
- PM/TRC selects qualified consultants for longlist
- Minimum of 10, or all qualified if less
- May be skipped
- Selection Committee creates shortlist from LORs



Shortlist

Selection Committee:

- Chooses three firms, minimum, for shortlist
- Considers past performance, workload, FDOT relationship
- Decides Proposal Requirements:
 - Written Proposal
 - Oral Presentation
 - Interviews (District wide minor, CEI)



Scope of Services Meeting

- Optional, but suggested on complex projects
- Shortlisted firms and subs, PM & Procurement
- Discuss:
 - Proposed scope of services
 - Method of compensation
 - Instructions for submitting technical proposals



Review of Technical Proposals & Presentations

Technical Review Committee:

- Three members, minimum
- Evaluates technical proposals
- Members may not be on Selection Committee



Review of Technical Proposals & Presentations

Criteria for TRC:

- Same for each member
- Awareness of project issues, including staff hours
- Approach to project
- Project staffing
- Other considerations, per TRC



Ranking of Shortlisted Firms

- Procurement Office publishes Selection

Committee results:

- Project name
- Description
- Financial management numbers
- Ranking of consultant firms



Negotiate Contract

- Negotiations begin with number one firm:
 - Detailed staff hour estimate
 - Fee proposal
- Clarify scope of the project
- Ensure estimated work effort is reasonable
- Establish Method of Compensation
- Go with number two, if necessary



The Agreement

1. Standard Professional Services Agreement
2. Standard Professional Services Agreement Terms
3. Exhibit "A"—Scope of Services
4. Exhibit "B"—Method of Compensation



FORM NO. 375-030-12



Standard Professional Services Agreement

- Contract No.
- Financial ID No.
- By/With
- Services (Exhibit "A")
- Term
- Insurance
- Subcontracts
- Compensation
- Miscellaneous (Fed Funds)
- Signatures



STANDARD PROFESSIONAL SERVICE AGREEMENT TERMS



SERVICES AND PERFORMANCE

1. B. In the performance of professional services, **the Consultant will use that degree of care and skill ordinarily exercised by other similar professionals in the field under similar conditions in similar localities. The Consultant will use due care in performing its services and will have due regard for acceptable engineering standards and principles.** Consultant's standard of care shall not be altered by the application , interpretation, or construction of any other provision of this Agreement.



Duty

- Due care in performing services
- Due regard for standards & principles



Breach

- Failure to use reasonable care
- Failure to have due regard for accepted engineering standards and principles



Negligence

- A breach of duty may result in negligence



NEGLIGENCE



Negligence

- Slight
- Simple
- Professional
- Gross
- Culpable
- Criminal



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Slight negligence is typically not actionable.



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Gross negligence is the failure to use the slightest amount care, and willful disregard for the safety of others.



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Gross negligence is the failure to use the slightest amount care, and willful disregard for the safety of others.

Culpable negligence involves personal injury or death.



Industry Misconception

Professional consulting engineers under contract with the Department may only be held liable for damages in cases involving gross negligence or higher.



Professional Negligence

- Failure to use reasonable care
- Failure to have due regard for accepted engineering standards and principles



Reasonable Care

What another engineer with similar education,
training, and experience would do under similar
circumstances in a similar locality



EXAMPLE-BRIDGE ON SKEW



Burden of Proof

- Greater Weight of Evidence (civil)
- Clear and Convincing (disciplinary)
- Beyond a Reasonable Doubt (criminal)



Preponderance

In a civil suit, for professional negligence, the Department need only prove the greater weight of the evidence to win damages.



E&O

- Errors, Omission, & Contractual Breaches by PE's on Department Contracts
- Procedure No. 375-020-010



COMPLIANCE WITH LAWS

5. B. (1) If the Department has knowledge or reason to believe that any person has violated the provisions of state professional licensing laws or rules, it will submit a complaint about the violations to the Department of Business and Professional Regulation.



COMPLIANCE WITH LAWS

5. B. (2) Any FDOT employee, licensed by DBPR who has knowledge to believe a violation has occurred must also submit a complaint to DBPR.



Burden of Proof

- Clear and Convincing Evidence is required for disciplinary cases.
- Consult an attorney before taking action.



Exhibit “A”

Scope of Work or Scope of Services?



Scope of Work vs. Scope of Services

- **Scope of Work** refers to the project as a whole—what is being accomplished:
 - Widen road
 - Replace bridge
 - Install lighting



Scope of Work vs. Scope of Services

- **Scope of Services** refers to the effort defined in the professional services contract:
 - Roadway design
 - Drainage design
 - Structures design



Exhibit "A" — Scope of Services

The most important part of the agreement:

- Services required of the consultant
- Responsibilities of the Department
- Criteria & provisions for performance
- Subcontracting
- Optional services
- Basis for Staff Hours & Fee Estimation



Exhibit “B”

Method of Compensation



Method of Compensation—Exhibit “B”

- Lump Sum
- Limiting Amount/Cost Reimbursable



Negotiating Contract Fees

- Direct Salary/Wage Rate
- Multipliers:
 - Overhead & Fringe Benefits
 - Operating Margin
 - Direct Expenses



Overhead

- Employee Benefits
 - Holidays, Sick Leave, Vacation
- Indirect Expenses
 - Rent, Office Supplies, Training
- Indirect Labor
 - Accounting, Administration, Management



Operating Margin

- Compensates for normal business expenses not covered by Overhead:
 - Advertising
 - Bad debt
 - Interest, and . . .



Operating Margin

- Compensates for normal business expenses not covered by Overhead:
 - Advertising
 - Bad debt
 - Interest
 - Profit



Operating Margin

Applied to Direct Salaries:

Complexity of Project (20%)	3-8%
Degree of Risk (20%)	3-8%
Schedule (10%)	1-5%
Cost Control Efforts (50%)	<u>5-21%</u>
Total:	12-42%



EXAMPLE-TYPICAL CONTRACT FEE



Estimated Salaries

<u>Job Class</u>	<u>Hrs.</u>	<u>Rate</u>	<u>Salary</u>
• Project Manager	16	\$86.00	\$1,376.00
• Task Manager	144	\$33.58	\$4,835.52
• Graphics	24	\$30.00	\$720.00
• Clerical	32	\$17.31	<u>\$553.92</u>
Total Raw Salaries:			\$7,485.44



Full-Burdened Rate

• Direct Salaries & Wages	\$7,485.44
• Home Office Overhead @ 127.77%	\$9,564.15
• Operating Margin @ 31.5%	\$2,357.91
• Expenses @ 9.27%	<u>\$693.90</u>
Total Fee Estimate:	\$20,101.40



CONTRACT MANAGEMENT



During the Contract

- Evaluate consultant performance
 - Procedure No. 375-030-007
- Review/Approve Progress Reports/Invoices
- Monitor:
 - Schedule
 - Conformance to Scope
 - Quality



Progress Report

- Activities completed
- Activities planned
- Progress, actual vs. planned
- Budget impacts
- Schedule update
- Issue identification



Invoicing Procedure

- Monthly intervals or when tasks are reached
- Invoices submitted into Consultant Invoice Transmittal System (CITS) Internet application
- Sub-Consultant payments through the Department's Equal Opportunity Reporting System



CITS

- Reduces the dependency on manually processed paper documents:
 - Contracts
 - Invoices
 - Supporting Information
- Training Available:
http://www.dot.state.fl.us/procurement/Welcome_to_CITS.shtm



QA/QC

- QA is the Department's responsibility
 - Ensure a Consultant QC process is in place
- QC is the consultant's responsibility
 - Detailed process of checks and reviews to ensure completeness and accuracy



Upon Completion

- Activate post-design services; SA
- Address RFIs; participate in E&O resolution
- Attend pre-construction conference
- Attend early construction progress meetings
- Attend community awareness meetings
- Enter Consultant's final evaluation



Media Relations

ALWAYS:

- Find out what the press wants
- Stay on message
- Be sensitive to deadlines
- Expect have your answers misconstrued
- Expect to be quoted
- Be respectful
- Ask to review material before release
- Suggest a better question if a poor question is asked



Media Relations

NEVER:

- Speak off the record
- View the press as the enemy
- Lie
- Try to “snow” the press
- Use technical terms
- Be caught up in your own brilliance
- Act arrogantly



Consultant Marketing

FDOT allows consultants to market their services—in general—to staff within the Planning, Development (Production), and Operations offices.

http://www.dot.state.fl.us/procurement/Consultant_Marketing.shtm



Consultant Marketing

Meetings for planned projects are also permitted:

- One meeting per project; 30 minutes duration
- During two month period prior to advertisement
- No meetings once project is advertised

http://www.dot.state.fl.us/procurement/Consultant_Marketing.shtm



Contract Marketing

Consultant personnel who must meet with FDOT staff on active contracts may not discuss advertised projects being pursued by the firm.

http://www.dot.state.fl.us/procurement/Consultant_Marketing.shtm



COMMON CHALLENGES IN PROJECT MANAGEMENT



Common Challenges

- Poor performance within project team
- Unanticipated conditions (Scope Creep)
- Too aggressive schedule
- Insufficient funds
- Inherited projects



Common Challenges

When issues in project management do occur,
communication is often the root cause.



Common Challenges

Positive Communication:

- FDOT & Consultant PMs must communicate effectively and often—it's a shared responsibility
- Establish a preferred method of communicating and keep each other informed of key issues
- Consultant PM must advise on the current status of the project
- FDOT PM must advise on scope & schedule issues



Common Challenges

Positive Communication:

- Face time is important
 - at the very least make a phone call
- Email is subject to interpretation
- It's not only what you say, but how you say it:
 - Voice modulation
 - Emphasis on wrong words



EXAMPLE



Seven Words

The following sentence takes on a different meaning depending on the word stressed:



Seven Words

The following sentence takes on a different meaning depending on the word stressed:

She didn't tell him you were busy.



Seven Words

- She didn't tell him you were busy.



Seven Words

- She didn't tell him you were busy.
- She didn't tell him you were busy.



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- **She** didn't tell him you were busy.
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- She didn't **tell** him you were busy.
- She didn't tell **him** you were busy.
- She didn't tell him **you** were busy.
- She didn't tell him you **were** busy.
- She didn't tell him you were **busy**.



Resources

- Internal:
 - <http://infonet.dot.state.fl.us/procurement/>
- External:
 - <http://www.dot.state.fl.us/procurement/>
 - <http://www.dot.state.fl.us/proceduraldocuments/>

