VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Purpose and Use of Term or Master Agreements and Contracted Services Opportunities

INFORMATION:

At the request of the Chair of the Finance, Audit and Facilities Committee, the Capital Projects Office will conduct a discussion for informational purposes covering two topics of interest to the Regents. The first topic will cover the purpose and use of Term or Master Agreements that the University has with several design and consulting firms. The second topic will cover opportunities on current and upcoming projects to ensure that the prices that the University pays for contracted services are in line with the current economic environment with respect to design and construction costs.
Term or Master Agreements and Contracted Services Opportunities
Term Agreements

- **What**
  - Design or Consulting Agreement
  - Specific time duration
  - Maximum specified value

- **Type**
  - Architecture
  - Engineering
  - Specialty
  - Hazardous Materials
  - Personnel/Audit/Expert
Term Agreements

- Process
  - Open competition for “Most Qualified”
  - Rates and markups negotiated
  - Extension potential enhances performance
  - Each Work Order from a new budget
  - Work Orders individually negotiated
  - Fee approximately 10% of Total Project Cost
Term Agreements

- On Call Civil and Structural Term Agreement
  - 2 year term with option for extension
  - No single total project value over $4 million
  - Aggregate value of all projects $8 million
  - Total project value Includes:
    - Design (term Agreement) Fees
    - Other consulting
    - Construction
    - State Sales Tax
    - Permits, Project Management, Misc. Fees
# 2005-2008 Civil/Structural Term Agreement

<table>
<thead>
<tr>
<th>Project</th>
<th>Design Fee</th>
<th>Other Consultant</th>
<th>Construction Contract</th>
<th>Taxes &amp; Fees</th>
<th>Other</th>
<th>Total Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 1</td>
<td>$174,610</td>
<td>$67,655</td>
<td>$1,521,599</td>
<td>$152,527</td>
<td>$162,647</td>
<td>$2,079,038</td>
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<tr>
<td>Project 2</td>
<td>$57,644</td>
<td>$181,862</td>
<td>$429,460</td>
<td>$59,116</td>
<td>$81,762</td>
<td>$809,844</td>
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<td>Project 3</td>
<td>$180,536</td>
<td>$106,444</td>
<td>$878,936</td>
<td>$100,309</td>
<td>$123,775</td>
<td>$1,390,000</td>
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<tr>
<td>Subtotal</td>
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<td>$355,961</td>
<td>$2,829,995</td>
<td>$311,952</td>
<td>$368,184</td>
<td>$4,278,882</td>
</tr>
<tr>
<td>% of total</td>
<td>9.6%</td>
<td>8.3%</td>
<td>66.1%</td>
<td>7.3%</td>
<td>8.6%</td>
<td>100%</td>
</tr>
</tbody>
</table>

## Studies

| 3 Studies | $74,080 |
Term Agreements

- Benefits
  - Rapid commencement
  - Reduced learning curve
  - Fewer hours
  - Quality of firm
  - Fewer errors
  - Priority emergency services
Term Agreements

History 2005 – 2008
- Expired Contracts had 41% utilization
- Average fee paid 9.76% of Total Project Cost

Opportunities
- Renegotiate annually
- Renegotiating 9 current agreements
- Rebidding 7 agreements
- 6 approved/in-process agreements
- Aggressively negotiate new fees
Contracted Services Opportunities

- Construction Competitively Bid: 82%
- Purchased: >1%
- Fees & Charges: 8%
- Design / Consulting Selection/Negotiate: 10%
- Sales Tax
Construction Contract Aging

- Projects valued at less than $5 Million
  - Start work average of 45 days after bidding
  - Complete work average of 140 days from start

- Projects valued at more than $5 Million
  - Start work average of 84 days after bidding
  - Complete work average of 546 days from start
Opportunities

- Renegotiate Term Agreements as appropriate
- Aggressively negotiate project design fees
- Improve Legislation for Capital Projects
- Develop University Standards
- Refocus Project Management
- Reduce Project Process (Duration)