

**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee**Purpose and Use of Term or Master Agreements and Contracted Services  
OpportunitiesINFORMATION:

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

Project	Design Fee	Other Consultant	Construction Contract	Taxes & Fees	Other	Total Project Cost
Project 1	\$174,610	\$67,655	\$1,521,599	\$152,527	\$162,647	\$2,079,038
Project 2	\$57,644	\$181,862	\$429,460	\$59,116	\$81,762	\$809,844
Project 3	\$180,536	\$106,444	\$878,936	\$100,309	\$123,775	\$1,390,000
Subtotal	\$412,790	\$355,961	\$2,829,995	\$311,952	\$368,184	\$4,278,882
% of total	9.6%	8.3%	66.1%	7.3%	8.6%	100%
<b>Studies</b>						
3 Studies	\$74,080					

# Term Agreements

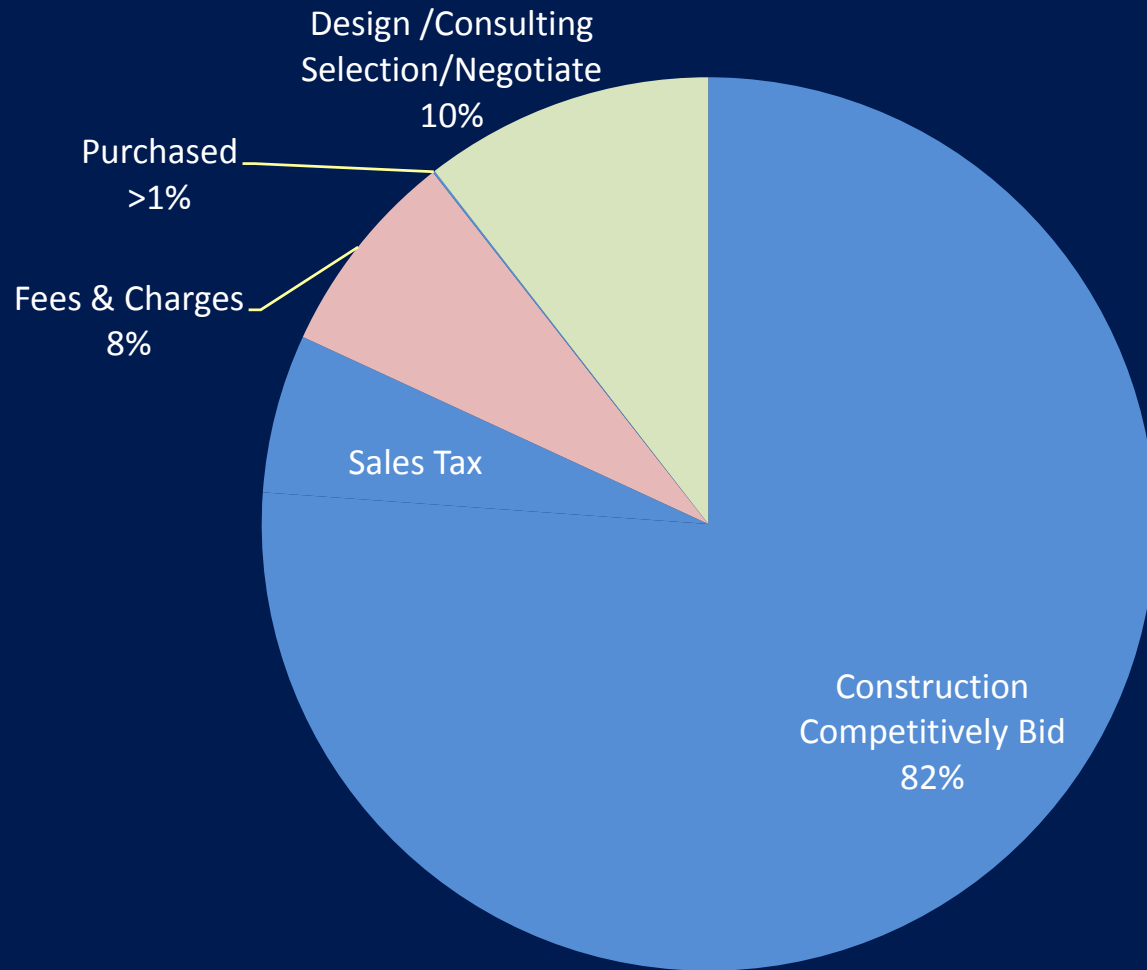
- Benefits
  - Rapid commencement
  - Reduced learning curve
  - Fewer hours
  - Quality of firm
  - Fewer errors
  - Priority emergency services

# 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 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)