

401 – Design Fee Negotiations / Building Projects

401.1 Contract Types: Design services are procured using one of two methods - Master Agreement or Personal Services Contract (i.e. qualifications-based selection). Fee negotiations are handled differently for each type of procurement.

401.2 Master Agreements: Master Agreements require services to be billed on an hourly basis. As soon as the extent of the required services can reasonably be determined, the Architect-Engineer will be asked to submit a not-to-exceed fee amount for approval by DFMS Project Management. For a typical Project, this occurs at the end of Phase A.

401.3 Personal Service Contracts:

- **Phase A Fee:** After the Architect-Engineer is selected, an initial fee is established by DFMS Project Management based on the initial Project budget. This fee will cover all design services (except Programming, if required) through Phase A approval.
- **Final Design Fee Negotiation:** After Phase A approval, and upon notification from the DFMS Project Management that the design process will continue. The Architect-Engineer shall contact the DFMS Project Management and negotiate the design fees for Phases B, C, and D. This final design fee is to be a lump sum fee based upon the approved Phase A Cost Estimate. Initial negotiations between the DFMS Project Management and the Architect-Engineer may be by telephone, e-mail or orally by appointment. Upon oral agreement of the proposed fee, the Architect-Engineer is to submit a letter of fee proposal to the DFMS Project Management for acceptance.
- **Architect-Engineer Contract Modification:** After acceptance, DFMS executes a Contract Modification / Purchase Order to the Architect-Engineer's contract to reflect the negotiated fee.
- **Additional Services:** If additional services are deemed necessary during the execution of the Contract, additional fees will be negotiated initially with the DFMS Project Management. The proposed changes will be review and for final approval and contract modification.