

PEPS Fireside Chat Question & Answer Summary

Annual Negotiations Process – January 2021

Q1: What is the next step for the rate negotiation committee?

A1: The Negotiation Task Force will meet on January 28, 2021. The renewal process is the primary topic for discussion.

Q2: On the next annual update, when will that be done?

A2: The Negotiation Task Force meets on January 28, 2021. The renewal process is the primary topic for discussion. My prediction prior to the meeting is that the renewal process may take place at the next awarded contract after the anniversary date of the initial negotiation. The Negotiation Center would inform the consultant that the time has arrived to re-negotiate rates for the next 12 months.

Q3: What is the status of negotiations for current engineering contracts?

A3: FY 20 Wave 4: All procurements have completed selections and requested rates from the Negotiation Center.

Completed: 18 of the 24 procurements have the negotiations completed for the firms that are in the annual rate negotiation process. The 18 procurements had 49 contracts with a total of 231 providers.

In process: 3 of the remaining 6 procurements are nearing completion and the other 3 procurements have negotiations in progress. Workbooks have been sent to providers and the responses from the providers are starting to be received.

FY 21 Wave 1: 9 of the 18 procurements have completed selections and requested rates. All procurements have been assigned a negotiator, 6 of the 9 procurements are in the negotiation process. The remaining 3 procurements require more information on the labor classification requirements.

Q4: For a new consultant how do we get started?

A4: Entry into the annual rate negotiation program begins with the award of a contract. The Negotiation Center is responsible for all negotiations including the prime and sub-providers. The new firm will receive a Labor Negotiation Workbook with instructions through an email. The Negotiation Center encourages new firms to reach out to the negotiator or the Negotiation Center Manager with questions. Part of the responsibility of the Negotiation Center is to help new firms with the transition.

Q5: What about ODE rate negotiation? Will it be negotiated per specific Contract?

A5: The ODEs have been placed in a Master list and will not be negotiated for each contract. Items may be added to the Master ODE list for unique contracts as a one-time contract specific addition. The Negotiation Center will consider and research any items that a provider submits for addition to the Master list.

Q6: Do you have a rate sheet to share?

A6: No.

Q7: What is the average time for providing rates once the request has been made in a Wave?

A7: The time is dependent on several factors, including but not limited to:

- The number of contracts in the procurement
- The number of providers for each contract
- The complexity of the contract and the number and type of labor classifications
- The response time of the procurement engineer in providing the list of labor classifications
- The response time of the consultant
- Availability of consultant and negotiator to schedule a virtual meeting, if needed

Q8: Where can the definitions of the ODEs, Unit Costs, and Labor Classifications be found?

A8: There is no list of definitions for the ODEs, unit costs, and labor classifications at this time.

Q9: If a project-specific specialty rate is needed/allowed on an upcoming contract, how will that be communicated?

A9: The procurement engineer develops the list of labor classifications with the district or division. The list is submitted to the Negotiation Center. The consultant can add to the list of labor classifications that are not included in workbook at the bottom of the labor classification worksheet. The consultant is also welcome to reach out to the Negotiation Center and discuss the addition. The final decision to include the labor classification belongs to the district or division that will be utilizing the contract.

Q10: How are you addressing new firms who are sacrificing salary to get company off the ground?

A10: The process is based on actual rates and the actual rates must be utilized to produce a process that is fair and reasonable for the majority.

Q11: How is rate decided for a new firm?

A11: The rates for all firms are based on the actual hourly rates paid to the employees and an offer made by the consultant that is representative of the distribution of actual rates for a specific labor classification. The offer is compared to data based on consultant first offers over a 4-year period, normalized and viewed at the first standard deviation as a guideline. Discussions do occur in the virtual negotiation meeting concerning experience and expertise that is provided by the firm in order to complete the negotiation.

Q12: Can you discuss the process for updating the rate portfolio for new hire, retirees, and staff promotions/changes?

A12: The rates live with the provider for the 12-month period of the annual rate negotiation. At the time of renewal of rates, the rate portfolio is updated to include changes that have occurred within the firm since the initial negotiation.

Q13: Are the rates based on a 12-month timeline from the time of rate acceptance? Or Fiscal Year or AQ year?

A13: The renewal for annual rates will occur when the firm is on a team awarded a contract after the 12-month period has expired.

Q14: For clarification, contract rates remain unchanged on an executed contract, correct?

A14: That statement is correct.

- Q15: What is the next step after rate negotiations are complete?
- A15: The negotiated rates are placed in the firm portfolio, a file is built with the overhead, profit and escalation applied according to the constraints of the specific contract, and the contract specialists are notified that the files are ready for the development of the Attachment E fee schedule to insert in the contract. The Attachment E is sent to the procurement engineer for review and to the consultants to review before insertion in the contract.
- Q16: I was under the impression from the first part of the presentation that there had been some effort to clarify what the specific ODEs and unit rates included so that providers are clear on what each ODE is.
- A16: Efforts have been performed to better identify Unit Costs and ODEs and to provide consistency in the contract fee schedules.
- Q17: Can we get a copy of the current Master ODE list for reference?
- A17: The ODE list is included in the workbooks that are distributed to the team firms. It is not available on the PEPS external website.
- Q18: Are job classification rates the same for all types of contracts? SUE, PS&E, S&E, CE&I
- A18: The answer is dependent of the specific labor classifications. The expertise for specific disciplines is considered for some labor classifications, for example, the Project Manager. The expertise changes depending on the discipline and type of contract. The process is flexible in dealing with the differences. Some labor classification responsibilities do not change significantly among the various disciplines with the examples of Engineering Technicians and Admin/Clerical.
- Q19: Is it based on the date of acceptance or the date of the contract execution?
- A19: The date of acceptance of the initial negotiated rates for labor classifications and unit costs is the date that controls the renewal of annual rates.
- Q20: When are the rates handed over to the Negotiations Center entirely? I.E., the PcE is not involved in any negotiating?
- A20: In FY21 Wave 1, the Negotiation Center is responsible for the negotiation of all labor classifications, unit costs, and ODEs. The Procurement Engineer is still involved in the negotiation of the level of effort for specific deliverable contracts.
- Q21: Will you be holding yearly meetings with consultant workgroups to improve the negotiation process?
- A21: Members of the work groups have been asked if they see a need to meet again. Since the process is still in the early stages, the consensus has been to wait. The work groups will be contacted periodically with an invitation to meet.
- Q22: How do we handle negotiating the same classification on two contracts at the same time?
- A22: Contact either negotiator and provide the information. The team is in constant communication and a plan to handle the situation will be implemented.