



Negotiation Basics

Rebecca Lozoya, P.E. – PEPS Negotiations Center Manager



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Presentation Topics

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What to Expect After Selection

Selected Team



Prime Provider



Sub-Providers

TxDOT



PEPS Service Center



PEPS Negotiations Center

Roles and Responsibilities

PEPS Procurement Engineer (PcE)

- ☐ Coordinates with Prime Provider PM for contract components
- ☐ Negotiates the Job/Labor Classifications, Unit Costs and ODEs with Prime Provider PM.
- ☐ Acts as the liaison between the District/Division and the Negotiation Center
- ☐ Coordinates with Negotiation Center for finalized Attachment E for insertion in contract.
- ☐ Finalizes procurement process and facilitates contract execution.

Roles and Responsibilities

Prime Provider Project Manager

- ☐ Coordinates with PcE regarding contract components.
- ☐ Coordinates with Sub-Providers regarding assigned tasks and develops list of applicable job/labor classifications, Unit Costs and ODEs.
- ☐ Communicates issues/concerns/requests from Sub-Providers to PcE.
- ☐ Monitors negotiation status with Sub-Providers.
- ☐ Provides confirmation of final Attachment E to PcE and NC for insertion into contract.

Roles and Responsibilities

PEPS NC Negotiator

- Coordinates with PcE for inquiries/requests regarding negotiations.
- Sends Provider negotiation workbook for completion.
- Schedules TEAMS meeting to negotiate rates.
- Coordinates with provider for review/approval of final Transfer File to finalize negotiations.

Roles and Responsibilities

Prime & Sub Provider Negotiation POCs

- △ Coordinates with Negotiation Center regarding questions or concerns during negotiations.
- △ Completes negotiation workbook and submits by requested deadline to the negotiator.
- △ Coordinates with negotiator to schedule TEAMS meeting to negotiate rates and finalize.
- △ Reviews/Approves final Transfer final in a timely manner to finalize negotiation process.
- △ Provides confirmation of final Attachment E to Prime Provider for final confirmation to PcE.

Rate Negotiation Process Stages

Number (internal use only)	Job Classification	Years of Experience
1.1	Project Manager	10+
2.1	Deputy Project Manager	10+
3.1	Support Manager	10+
5.1	Principal	
5.2	Technical Advisor - Senior	20+
5.3	Quality Manager	10+
6.1	Engineer (Senior)	15+
7.1	Engineer (Project) - Senior	15+
7.2	Engineer (Project)	10 to 15
8.1	Engineer (Design)	5 to 10

Job Class Pick List

Job/Labor Classification
Negotiation

Years of Experience	Rate from Previous Portfolio	Rate 1	Rate 2	Rate 3
10+		\$ 74.06	\$ 96.35	\$ 134.24
10+	\$ 88.00	\$ 96.19	\$ 110.03	\$ 100.96
15+	\$ 84.00	\$ 92.31	\$ 96.15	\$ 90.80
10 to 15	\$ 67.00	\$ 73.85	\$ 75.65	\$ 66.46
5 to 10	\$ 54.00	\$ 60.13	\$ 63.32	\$ 49.99
15+	\$ 88.00	\$ 110.03	\$ 76.04	\$ 100.96
5 to 15	\$ 66.00	\$ 64.80	\$ 71.32	\$ 72.72
15+	\$ 75.00	\$ 87.73	\$ 88.53	
5 to 15	\$ 57.01	\$ 51.14	\$ 63.32	\$ 75.29
15+	\$ 88.00	\$ 100.96	\$ 97.65	
5 to 15	\$ 63.00	\$ 64.80	\$ 71.32	\$ 76.04
15+	\$ 87.85	\$ 87.73	\$ 88.53	

Negotiation Workbook

Job/Labor Rates
Evaluation & Negotiation

Labor Classification to be provided	Hourly Base Rate	Hourly Contract Rate Years 1 & 2	Hourly Contract Rate Years 3 & 4	C
Use Yes or No	Final Rate	Office	Office	
Yes	\$ 81.50	\$ 197.23	\$ 204.33	\$
Yes	\$ 85.00	\$ 205.70	\$ 213.11	\$
Yes	\$ 72.00	\$ 174.24	\$ 180.51	\$
Yes	\$ 60.00	\$ 145.20	\$ 150.43	\$
Yes	\$ 72.11	\$ 174.51	\$ 180.79	\$
Yes	\$ 62.00	\$ 150.04	\$ 155.44	\$
Yes	\$ 46.00	\$ 111.32	\$ 115.33	\$
Yes	\$ 34.00	\$ 82.28	\$ 85.24	\$
Yes	\$ 29.75	\$ 72.00	\$ 74.59	\$
Yes	\$ 24.00	\$ 58.08	\$ 60.17	\$

Transfer File

Transfer File &
Attachment E Completion

Direct Costs: Labor, UC and ODEs

- During the Job/Labor Classification Negotiation Stage, it is important for Prime Provider Project Managers and Sub-Provider Support Managers to coordinate with the Negotiation Points of Contact in their firm.
- Determine which labor classifications, unit costs, and unique ODEs may be needed for your firm based on the services and tasks you are expected to perform on the contract as shown on the Project Team Composition form.
- This should be finalized with the PcE prior to the Rate Request being submitted to the Negotiation Center.

Negotiation Workbook

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Indirect Cost Rate (OH) and Profit

Contract rates in the Fee Schedule will incorporate the hourly salary rate, the negotiated profit and an audited overhead rate (or negotiated multiplier).

Applicable Audited Overhead rates are determined by the Rate Request date for the procurement, not the date of negotiation.

Firms that are administratively qualified with have an overhead percentage that will be applied to the base rate to establish the final contract rate.

Non-Engineering Firms or Firms performing exempt services will have a multiplier negotiated and applied to the base rate to establish the final contract rate.

The Negotiation Center negotiates a profit rate between 8 and 12 percent based on the project size, complexity, duration, discipline of work and degree of risk.

Transfer File

Direct Labor			Labor Classification to be provided	Hourly Base Rate	Hourly Contract Rate Years 1 & 2	Hourly Contract Rate Years 3 & 4	Hourly Contract Rate Year 5
Labor/Job Classification	Years of Experience	In Portfolio	Choose Yes or No	Final Rate	Office	Office	Office
Support Manager	10+	Yes	Yes	\$ 81.50	\$ 197.23	\$ 204.33	\$ 211.69
Engineer (Senior)	15+	Yes	Yes	\$ 85.00	\$ 205.70	\$ 213.11	\$ 220.78
Engineer (Project)	10 to 15	Yes	Yes	\$ 72.00	\$ 174.24	\$ 180.51	\$ 187.01
Engineer (Design)	5 to 10	Yes	Yes	\$ 60.00	\$ 145.20	\$ 150.43	\$ 155.84
Engineer (Utilities) - Senior	15+	Yes	Yes	\$ 72.11	\$ 174.51	\$ 180.79	\$ 187.30
Engineer (Utilities)	5 to 15	Yes	Yes	\$ 62.00	\$ 150.04	\$ 155.44	\$ 161.04
Engineer-In-Training	0 to 5	Yes	Yes	\$ 46.00	\$ 111.32	\$ 115.33	\$ 119.48
Engineer Technician - Senior	15+	Yes	Yes	\$ 34.00	\$ 82.28	\$ 85.24	\$ 88.31
Engineer Technician	5 to 15	Yes	Yes	\$ 29.75	\$ 72.00	\$ 74.59	\$ 77.27
Engineer Technician - Junior	0 to 5	Yes	Yes	\$ 24.00	\$ 58.08	\$ 60.17	\$ 62.34
CADD Operator - Senior	15+	Yes	Yes	\$ 39.77	\$ 96.24	\$ 99.71	\$ 103.30
CADD Operator	5 to 15	Yes	Yes	\$ 34.60	\$ 83.73	\$ 86.75	\$ 89.87
CADD Operator - Junior	0 to 5	Yes	Yes	\$ 24.00	\$ 58.08	\$ 60.17	\$ 62.34
Surveyor (RPLS) - Senior	15+	Yes	Yes	\$ 82.00	\$ 198.44	\$ 205.58	\$ 212.98
Surveyor (RPLS)	10 to 15	Yes	Yes	\$ 64.00	\$ 154.88	\$ 160.46	\$ 166.23
Surveyor (RPLS) - Junior	5 to 10	Yes	Yes	\$ 55.00	\$ 133.10	\$ 137.89	\$ 142.86
Survey Technician (Surveyor-In-Training) - SIT	5 to 10	Yes	Yes	\$ 40.00	\$ 96.80	\$ 100.28	\$ 103.90
Survey Technician	0 to 5	Yes	Yes	\$ 35.80	\$ 86.64	\$ 89.75	\$ 92.99
SUE Manager	0	Yes	Yes	\$ 64.00	\$ 154.88	\$ 160.46	\$ 166.23
SUE Field Manager		Yes	Yes	\$ 44.80	\$ 108.42	\$ 112.32	\$ 116.36
Utilities Coordinator - Senior	15+	Yes	Yes	\$ 69.80	\$ 168.92	\$ 175.00	\$ 181.30
Utilities Coordinator		Yes	Yes	\$ 42.40	\$ 102.61	\$ 106.30	\$ 110.13
Utilities Field Inspector - Senior	15+	Yes	Yes	\$ 36.80	\$ 89.06	\$ 92.26	\$ 95.58
Utilities Field Inspector		Yes	Yes	\$ 26.40	\$ 63.89	\$ 66.19	\$ 68.57
Engineering Specialist (Utility) - Senior	15+	Yes	Yes	\$ 34.85	\$ 84.34	\$ 87.37	\$ 90.52
Administrative/Clerical		Yes	Yes	\$ 29.70	\$ 71.87	\$ 74.46	\$ 77.14
Overhead					120.00%	120.00%	120.00%
Profit					10.00%	10.00%	10.00%
Escalation						3.60%	3.60%

Attachment E

ATTACHMENT E - FEE SCHEDULE					
SPECIFIED RATE AND LUMP SUM (LS) PAYMENT BASIS					
LS payments are based upon the Table of Deliverables (TOD) as identified in the Work Authorization (WA)					
SUBPROVIDER NAME:					
DIRECT LABOR					
LABOR/STAFF CLASSIFICATION	YEARS OF EXPERIENCE		HOURLY CONTRACT RATE YEARS 1 & 2	*HOURLY CONTRACT RATE YEARS 3 & 4	*HOURLY CONTRACT RATE YEAR 5
Support Manager	10+		\$247.85	\$256.52	\$265.50
Historian - Senior	15+		\$153.15	\$158.51	\$164.06
Historian IV	10 to 15		\$120.12	\$124.32	\$128.68
Historian III	5 to 10		\$88.12	\$91.20	\$94.40
Historian I/II	0 to 5		\$65.21	\$67.49	\$69.85
Archaeologist - Senior Principal Investigator	15+		\$131.10	\$135.69	\$140.44
Archaeologist IV	10 to 15		\$102.25	\$105.83	\$109.53
Archaeologist III	5 to 10		\$69.52	\$72.65	\$75.90
Archaeologist I/II	0 to 5		\$73.93	\$76.52	\$79.20
Technical Writer/Editor	5 to 15		\$82.77	\$85.67	\$88.67
Architectural Historian - Senior	15+		\$153.15	\$158.51	\$164.06
Architectural Historian	5 to 15		\$120.12	\$124.32	\$128.68
Architectural Historian Intern I/II	0 to 5		\$80.06	\$82.88	\$85.76
Project Control Specialist	5 to 15		\$119.41	\$123.59	\$127.91
Administrative/Clerical			\$88.12	\$91.20	\$94.40
*Escalation is effective on the first day of the month following the beginning of years 3 and 5 from the date of contract execution.					
Contract rates include labor, overhead, and profit.					
All rates are negotiated rates and are not subject to change or adjustment.					
Specified Rate Payment Basis - Contract rates to be billed. Documentation of hours must be maintained and is subject to audit.					
Lump Sum Payment Basis - Invoice by deliverable, according to the TOD. A copy of the TOD shall be included with each Invoice Package and is payable by each deliverable and line item as identified in the TOD. Partial payments of line item are not allowed. Documentation of hours worked is not required.					
Note: Any direct labor, unit cost, or other direct expense classification included in the contract, but not in a work authorization, is not eligible for payment under that work authorization.					

Profit and Escalation Policy

Statewide Policy for Escalation

- Escalation will be applied to long-term contracts (five years or longer in duration).
- Escalation will be determined using the US Bureau of Labor Statistics Producer Price Index (PPI) three-year average.
- Escalation will be applied at the third year from the date of execution and applied every second year thereafter.
- Escalation will be considered for existing contracts without escalation only with a Supplemental Agreement that includes an extension of time or a change in the scope of services.

Profit and Escalation Policy

March 2023 Directive

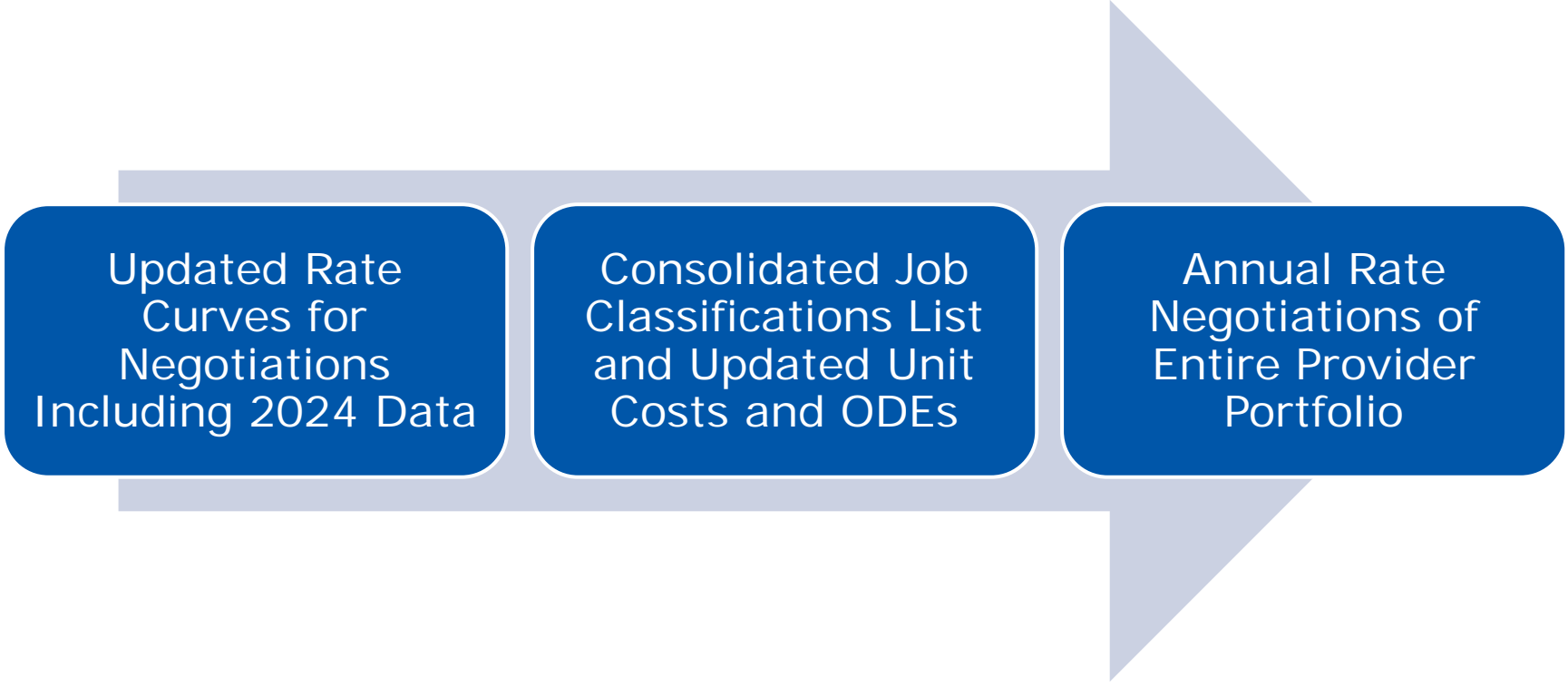
- To maximize the use of existing contracts during the current period of high inflation, contract modifications that include a scope change or a schedule change may include provisions for escalation of rates into the contract.
- The value used for escalation will be determined using the two-year average of the Producer Price Index (PPI), currently 3.6% instead of the three-year average.

Profit and Escalation Policy

September 2023 Revision

- Applicable to contracts executed in FY 2018 or earlier:
 - When negotiating a supplemental agreement to a contract due to a change in scope or schedule, a District Engineer (DE) or Division Director (DD) may agree to utilizing the firm's current annual negotiated rates to avoid an impasse.
 - The DE/DD may consider escalation of unit costs (UC) and other direct expenses (ODEs)
- Negotiated Maximum Not to Exceed for contract or work authorization will not be adjusted or renegotiated.
- Overhead and profit rates are not subject to escalation.

The Road Ahead



Updated Rate
Curves for
Negotiations
Including 2024 Data

Consolidated Job
Classifications List
and Updated Unit
Costs and ODEs

Annual Rate
Negotiations of
Entire Provider
Portfolio



Questions & Discussion



Texas Department
of Transportation



Rebecca Lozoya, P.E.

Negotiations Center Manager



Rebecca.Lozoya@txdot.gov



915-300-5705

★ **PEPS Division**
 Austin HQ

PEPS Division Director

Martin L. Rodin, P.E.
 512.413.4310

Martin.Rodin@txdot.gov

Deputy Division Director

Lucio Vasquez, P.E.
 512.925.9578

Lucio.Vasquez@txdot.gov

PEPS Service Centers

● **Austin**

Charles Davidson, P.E., CTCM
 512.832.7315

Charles.Davidson@txdot.gov

● **Central**

Abilene	Lubbock
Amarillo	Odessa
Atlanta	Paris
Beaumont	Pharr
Brownwood	San Angelo
Bryan	Tyler
Childress	Waco
Corpus Christi	Wichita Falls
Laredo	Yoakum
Lufkin	

Jaime A. Vela, P.E.
 512.416.2007 or 956.712.7730
Jaime.A.Vela@txdot.gov

● **Dallas**

Joseph Jancuska, P.E.
 214.320.6187
Joseph.Jancuska@txdot.gov

★ **Divisions**

Kori Rodriguez, P.E.
 210.284.5048
Kori.Rodriguez@txdot.gov

● **El Paso**

Jaime Perales, P.E., CFM
 915.790.4231
Jaime.Perales@txdot.gov

● **Fort Worth**

Natashia Tabatabaai, P.E.
 469.766.9281
Natashia.Tabatabaai@txdot.gov

● **Houston**

Kimlinh Nguyen, P.E.
 713.802.5799
Kimlinh.Nguyen@txdot.gov

● **San Antonio**

Clara Carbajal-Sanchez, P.E.
 210.209.7885
Clara.CarbajalSanchez@txdot.gov

PEPS Support Centers

Business Operations Center

Roy Gonzales
 512.781.8212
Roy.Gonzales@txdot.gov

Center of Contract Utilization

Gail Morea, P.E.
 713.876.1258
Gail.Morea@txdot.gov

Center of Excellence

Dan Neal, P.E., P.G. CTCM, CTPM
 512.416.2667
Dan.Neal@txdot.gov

Controls Center

Shana Thomas, CTCM, PMP
 737.230.7238
Shana.Thomas@txdot.gov

DRIVE Program

Caleb Bryant, P.E., PMP
 281.224.8484
Caleb.Bryant@txdot.gov

Invoice Center

Tira Dobrozensky, CTCM
 512.317.8511
Tira.Dobrozensky@txdot.gov

Negotiations Center

Rebecca Lozoya, P.E.
 915.790.4344
Rebecca.Pinto@txdot.gov

Support Services Center

Tina Farias, CTCM, CTCD
 432.202.2144
Tina.Farias@txdot.gov

