Contract Negotiation in Masterworks

Fall 2019

Specific Rate of Compensation Basis of Payment

Table of Contents

Version Notes

Version 1.0

- None

1   General Masterworks Information

## 1.1   Consultant/WisDOT

1.1.1   Create and Save a filter (Consultant Estimate example)

Navigate to the **Solicitation** module, expand the **Negotiation** folder in the left navigation and click the **Consultant Estimate** link.
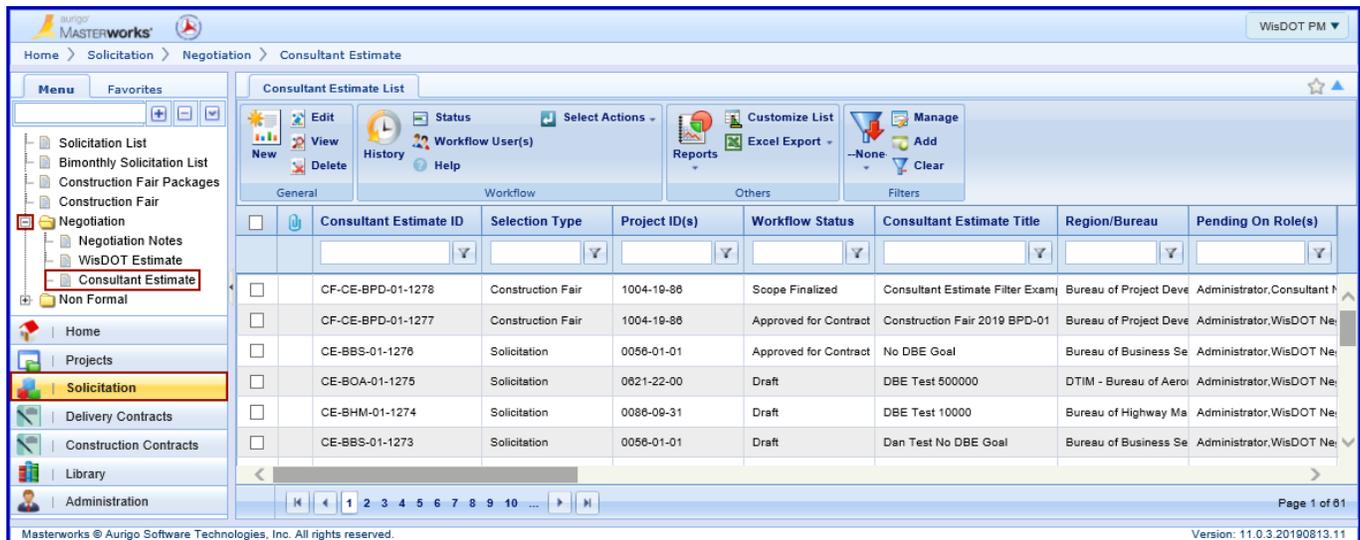
Type the filter criteria in the **Consultant Estimate Title** column. Press enter to use the default Contains filter option. Other filter options are available.
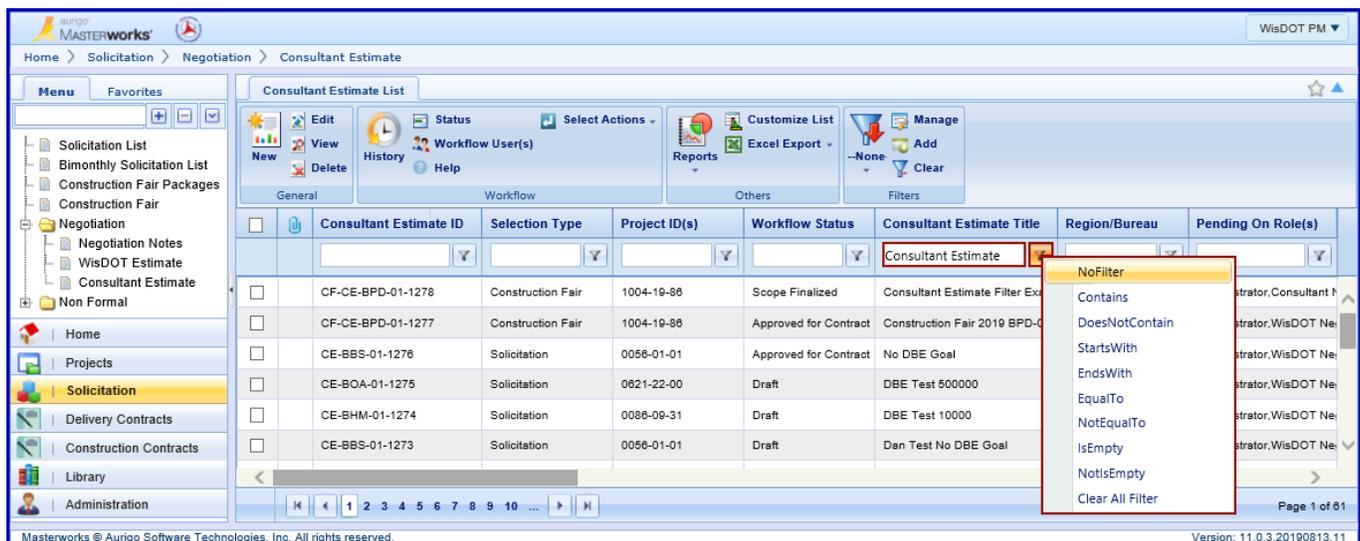
The filtered list is now displayed. To save the filter click the **Add** button in the filters group on the ribbon.
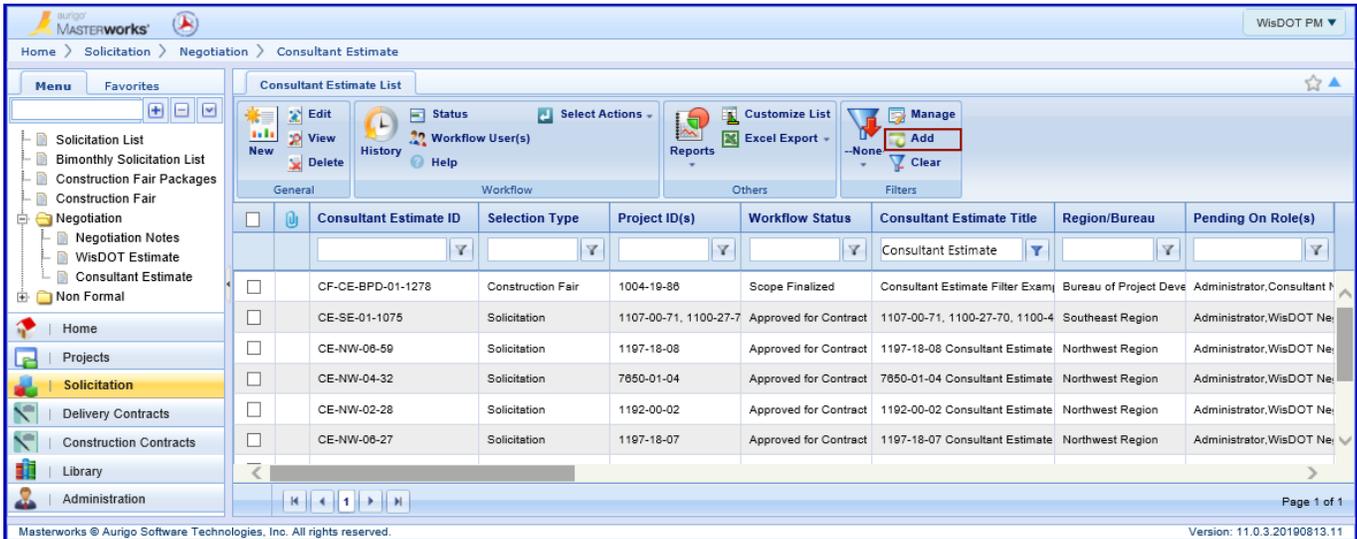
Type **Filter Name**. Checking the box for **Is Default** will cause the filter to be automatically applied every time the page is viewed. Click **Add**.
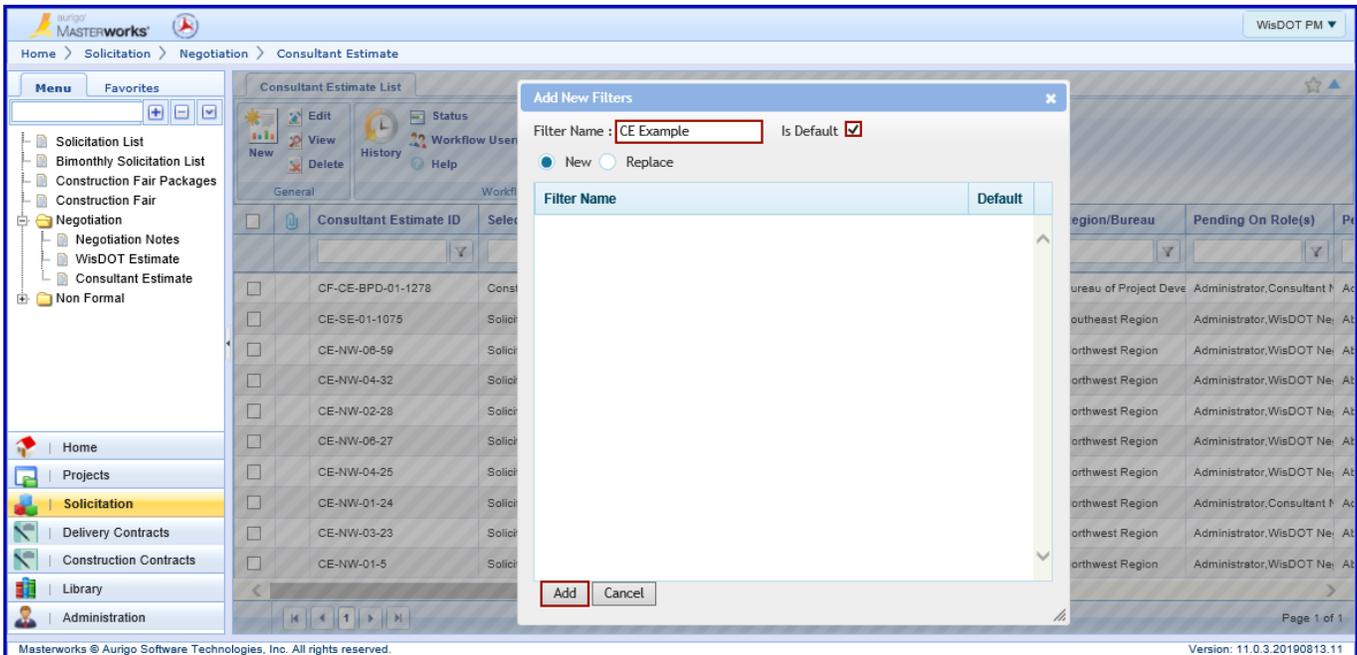
A message will display indicating the filter has been saved.

1.1.2   Save a favorite (Consultant Estimate example)

To save any location as a favorite, click on the star icon on the upper right of the page.

Type a **Title** for the favorite and click **Add**.

The favorite may now be found in the **Favorites** navigation.

1.1.3 Add a new task

1.1.3.1 Add a new task from the library

To add a new task from the task library, start on the **Direct Labor Cost** tab of the Consultant Estimate. In the ribbon, click **New** and then click **Add Multiple**.
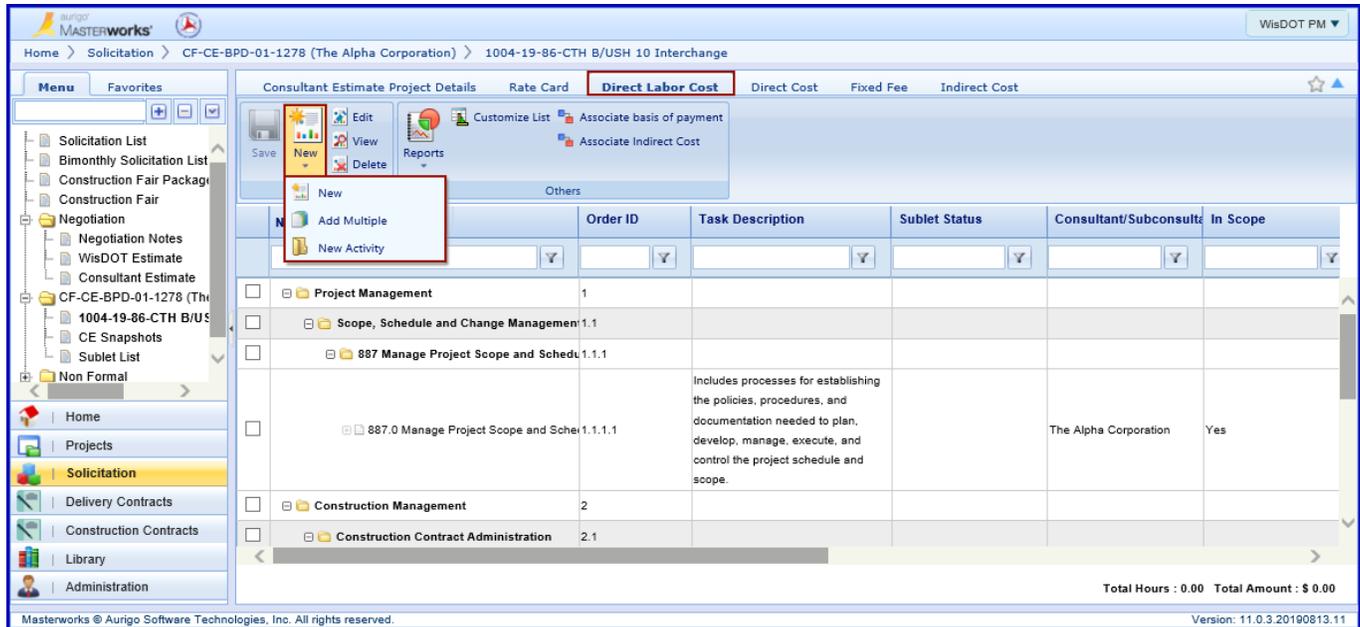
Select WisDOT from the dropdown list next to Standard Task list and click **Add**.
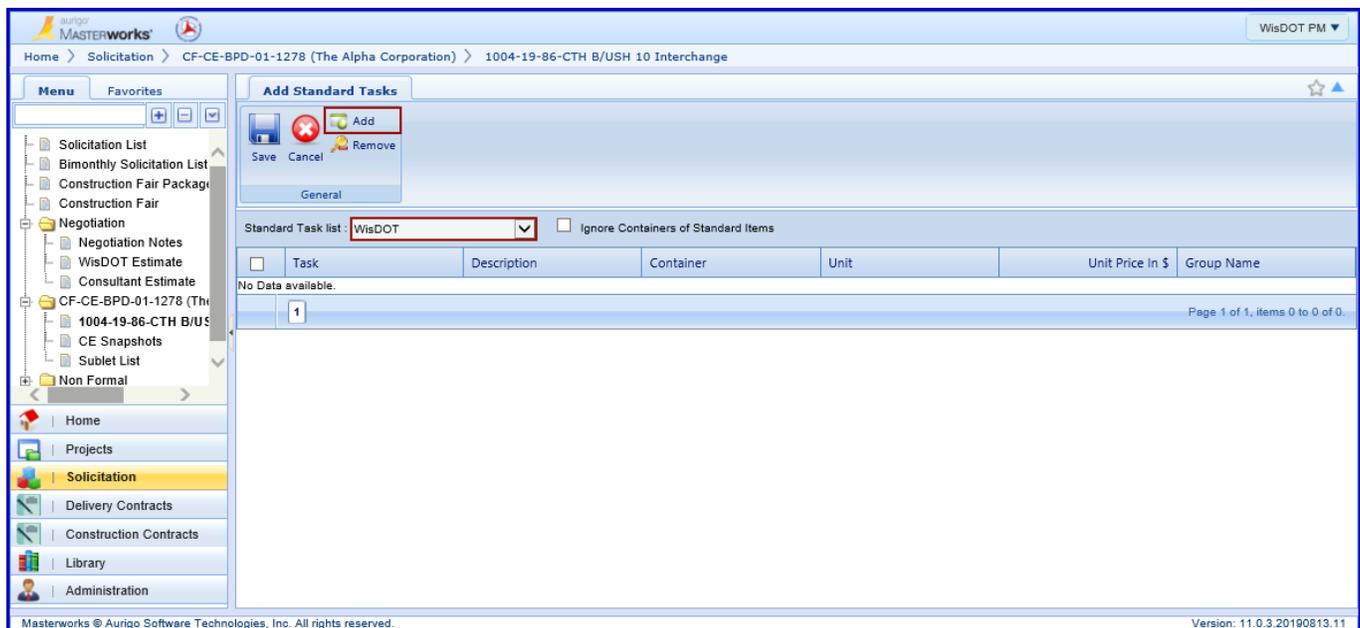
Use the filter to search for the task to be added.
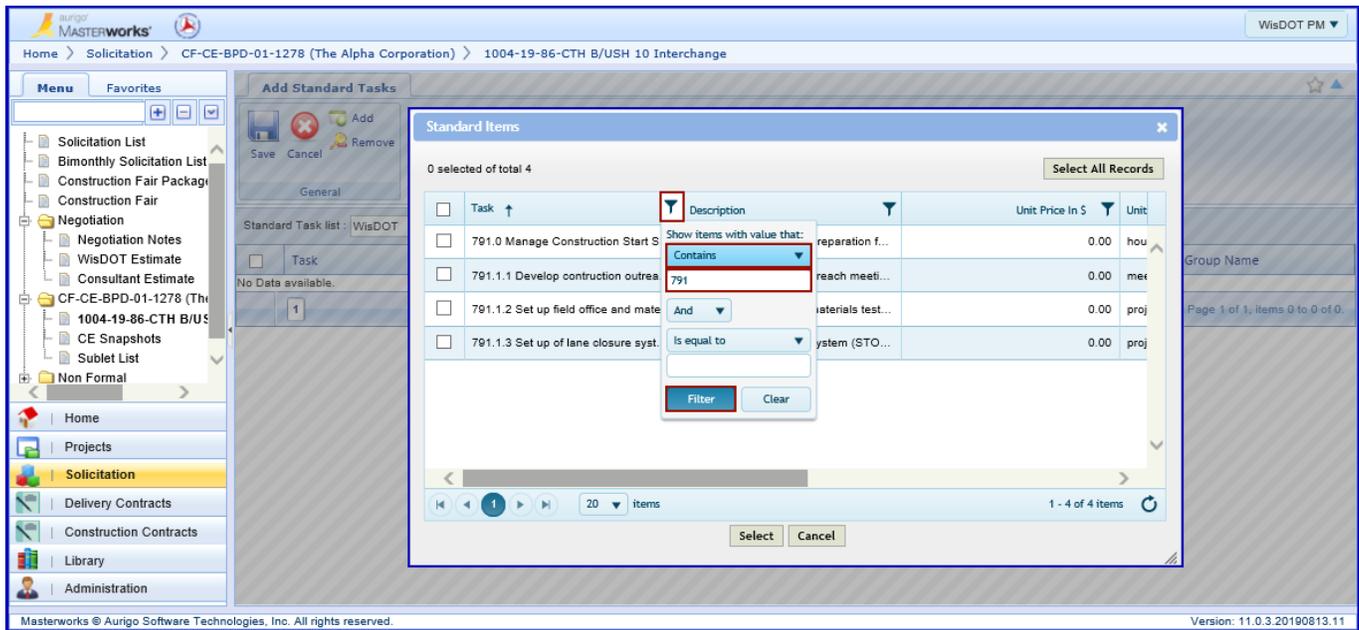
Check the box next to the task(s) to be added and click **Select**. Note: multiple tasks may be selected and added at the same time.
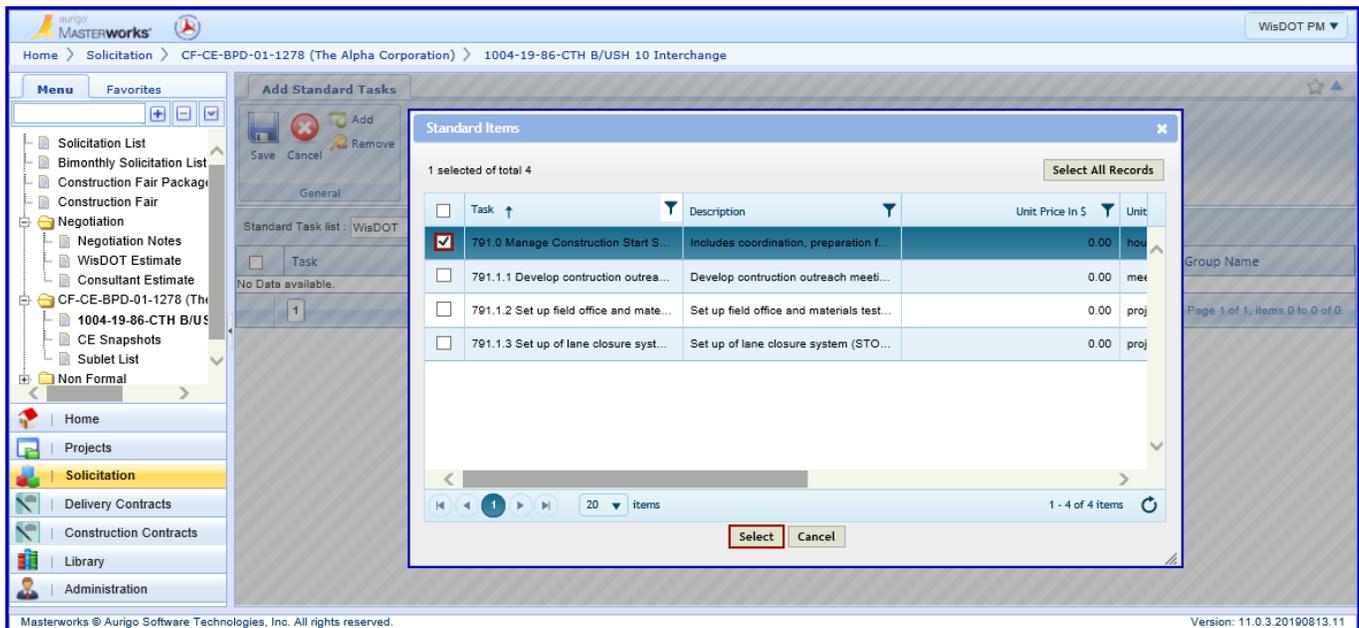
Click **Save** to add the task to the task list.

The task has now been added to the task list.

1.1.3.2   Create a new task

In some cases, a new task that does not exist in WisDOT's library needs to be created.   Standard tasks should be used whenever possible. An example of when a new task needs to be created is when entering in a cost per unit.

Please coordinate with WisDOT before creating a new task.

Select the task that will become the parent task, click **New** in the ribbon and click **New** in the dropdown.

Click **OK** on the warning message that appears.

Any resource or cost information that has been added to that task will be deleted.

Enter the new task name in the Task field. This should contain the activity code of the parent task. Enter a short description of the task and click **Save**. If more than one new task will be added to the activity, click **Save & Continue** to create another new task.
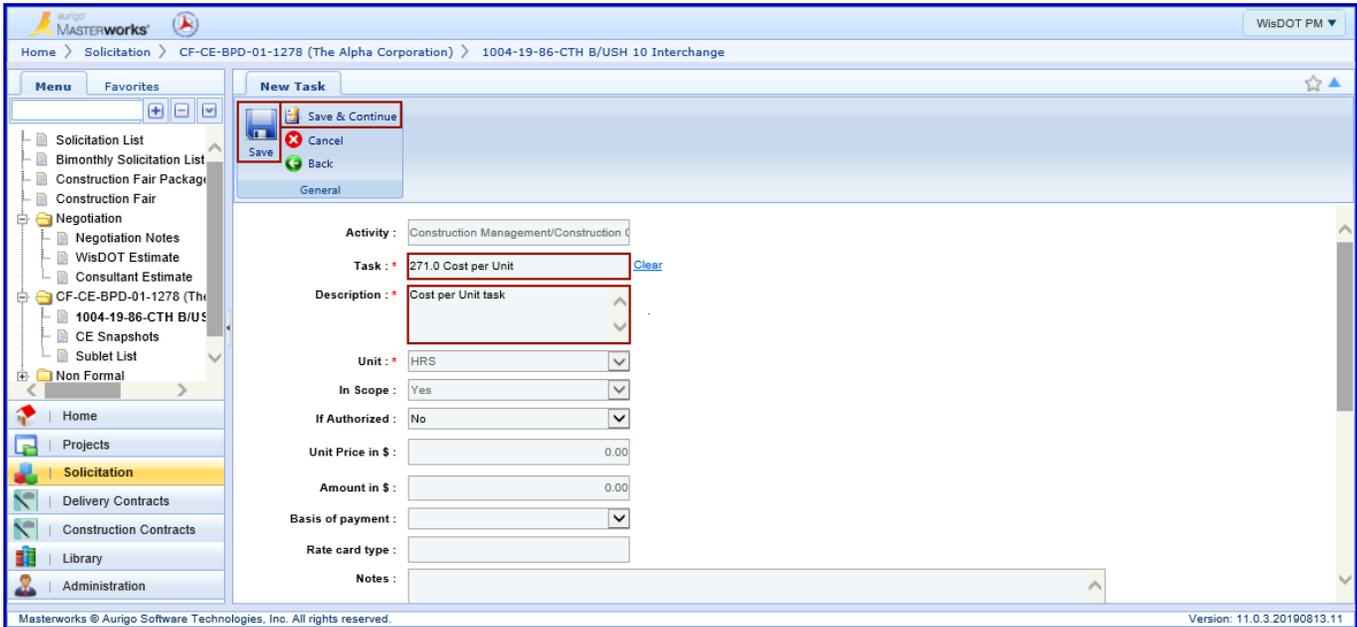
1.2   Consultant

1.2.1   Add key staff

Click the **Consultant\Contractor** link, check the box next to the firm in the middle of the page and click **View**.
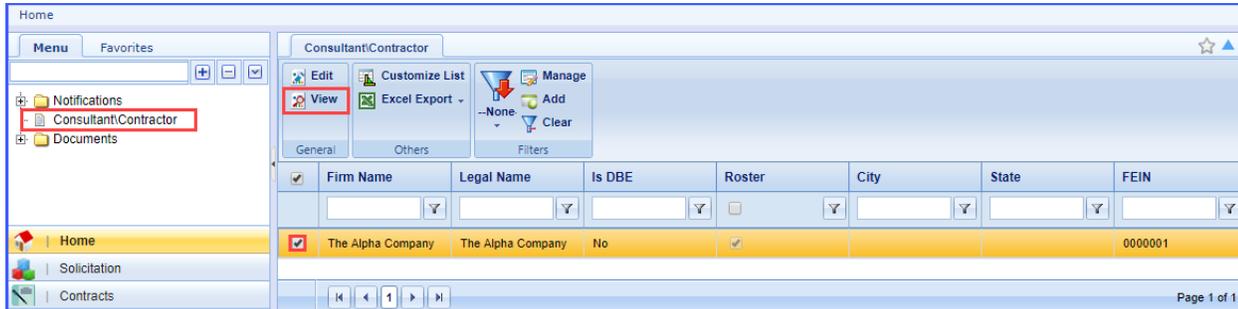
Expand the folders for Consultant\Contractor and the consultant firm. Click on the **Key Staff** link and click **New**.
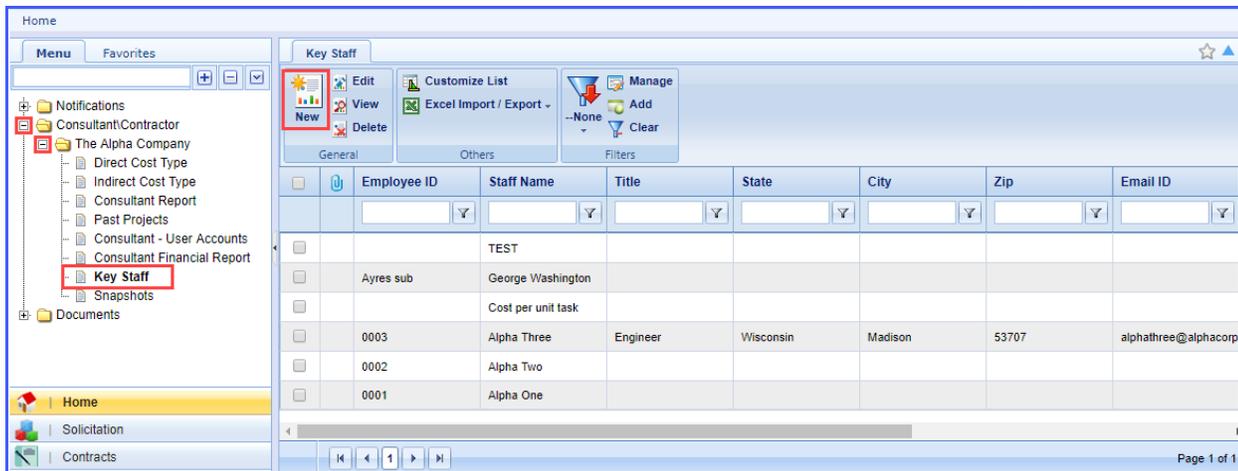
Fill out the employee information and click **Save**.
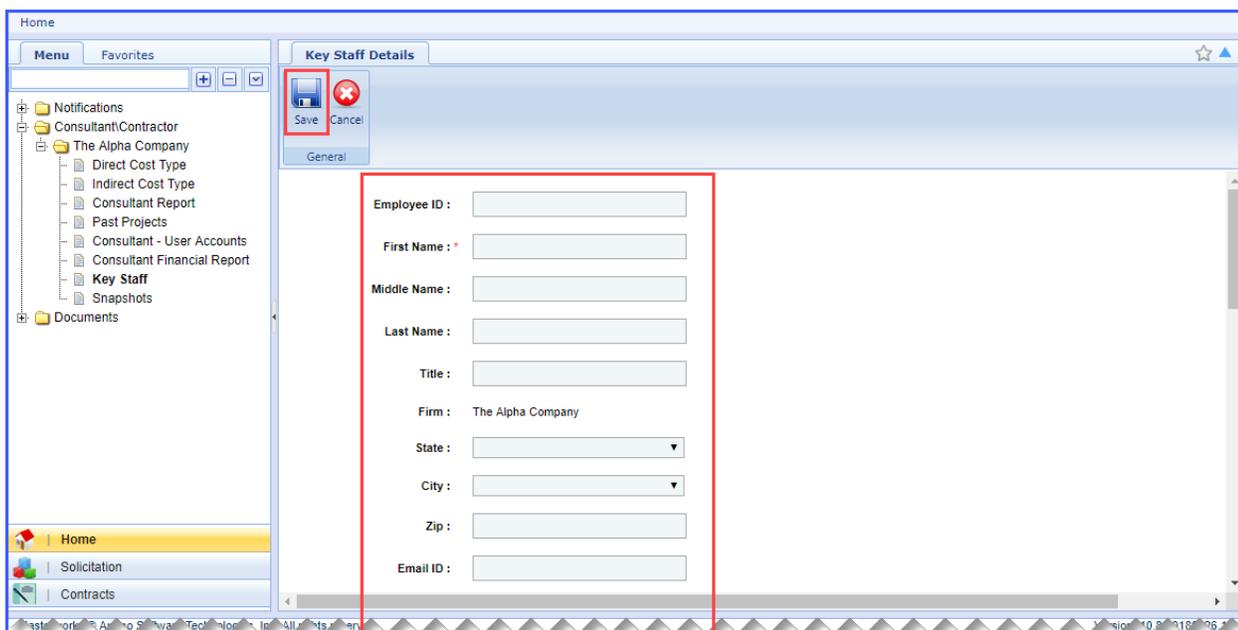
2   Consultant Estimate – WisDOT

2.1   Start a Negotiation

Navigate to the **Solicitation** module, expanding the **Negotiation** folder in the left navigation and clicking **Consultant Estimate**. Click **New**.

Pick the **Selection Type** from the dropdown menu. This will change the autofill fields.

If beginning a negotiation for a bimonthly solicitation package proceed to section 2.2 *Bimonthly Solicitation*.

If beginning a negotiation for a construction fair package proceed to section 2.3 *Construction Fair*.

2.2   Bimonthly Solicitation

Add a **Consultant Estimate Title**. Use the ellipses to select the **Bimonthly Solicitation Title**, which is the month and year of the solicitation. Use the ellipses to select the **Solicitation ID**, this is also known as the package ID. Use the ellipses to select the **Selected Prime Consultant**; this should be the number one ranked consultant from the shortlist, unless permission has been given to go to the next ranked consultant. Select Solicitation Task List from the dropdown in the **Import Task List from** field. Choose a **Negotiation Submission Due Date**; this is a date for a check in.

2.3   Construction Fair

Add a **Consultant Estimate Title**. Use the ellipses to select the **Construction Fair Title**, which is the year of the solicitation. Use the ellipses to select the **Construction Fair Package ID**. If the project leader (consultant/WisDOT) has changed, update the **Fixed Fee %**. Use the ellipses to select the **Selected Prime Consultant**; this should be the number one ranked consultant from the shortlist, unless permission has been given to go to the next ranked consultant. Select Construction Fair Package from the dropdown in the **Import Task List from** field. Choose a **Negotiation Submission Due Date**; this is a date for a check in. Use the ellipses to add a contract function; in most cases this will be Construction Services.

2.4   Add Tasks to the Scope

If a task needs to be added to the scope before the negotiation is sent to the consultant click **Save**.

Check the box next to the negotiation in the Consultant Estimate list. Click **Edit**.
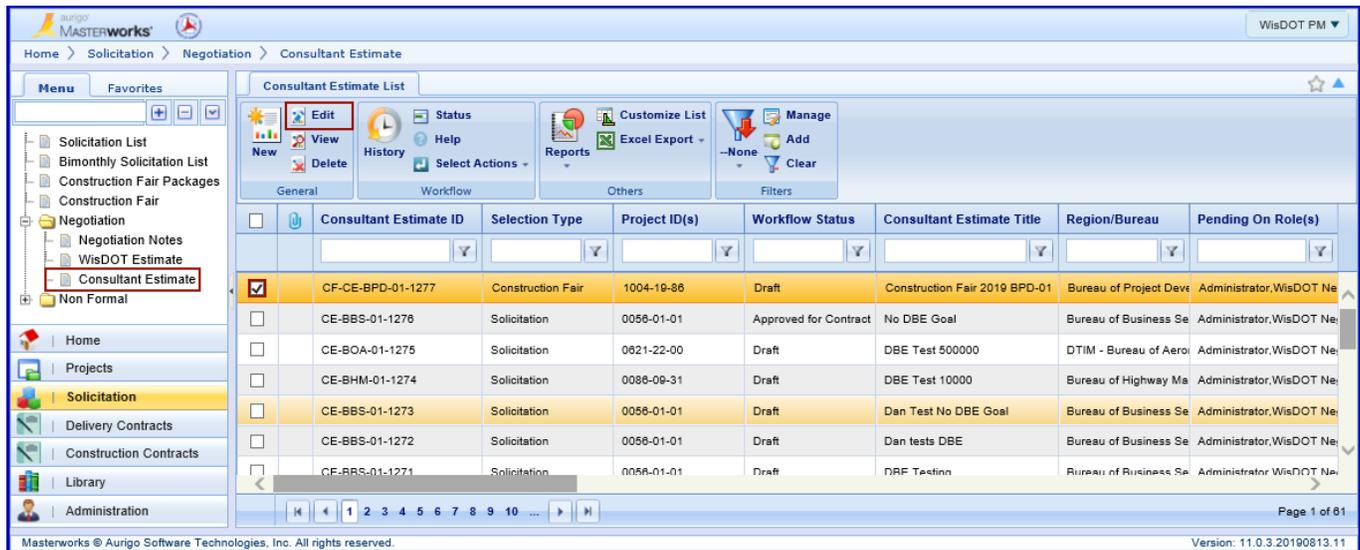
Expand the folder in the left navigation pane. Click on the link with the project ID. Click on the **Direct Labor Cost** tab on the top of the screen. Right click on the folder(s) in the middle of the screen and click **Expand All** to view all tasks currently under negotiation.
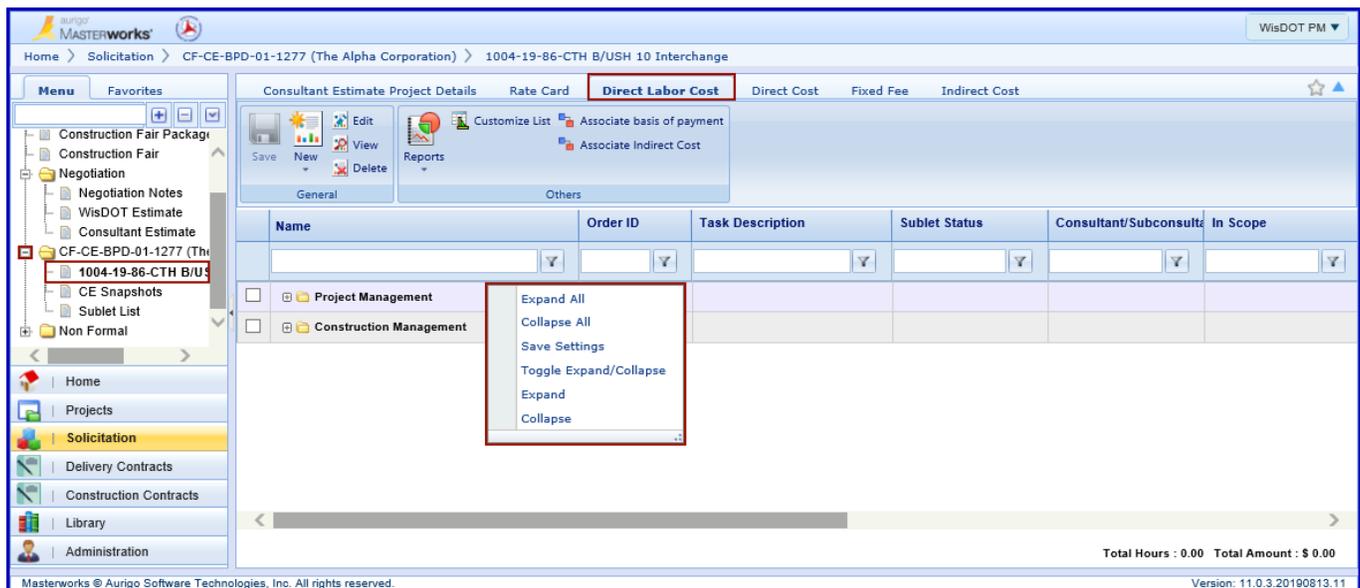
Use the **New** to add task(s) as outlined in section [Add a New Task](#) in this guide.
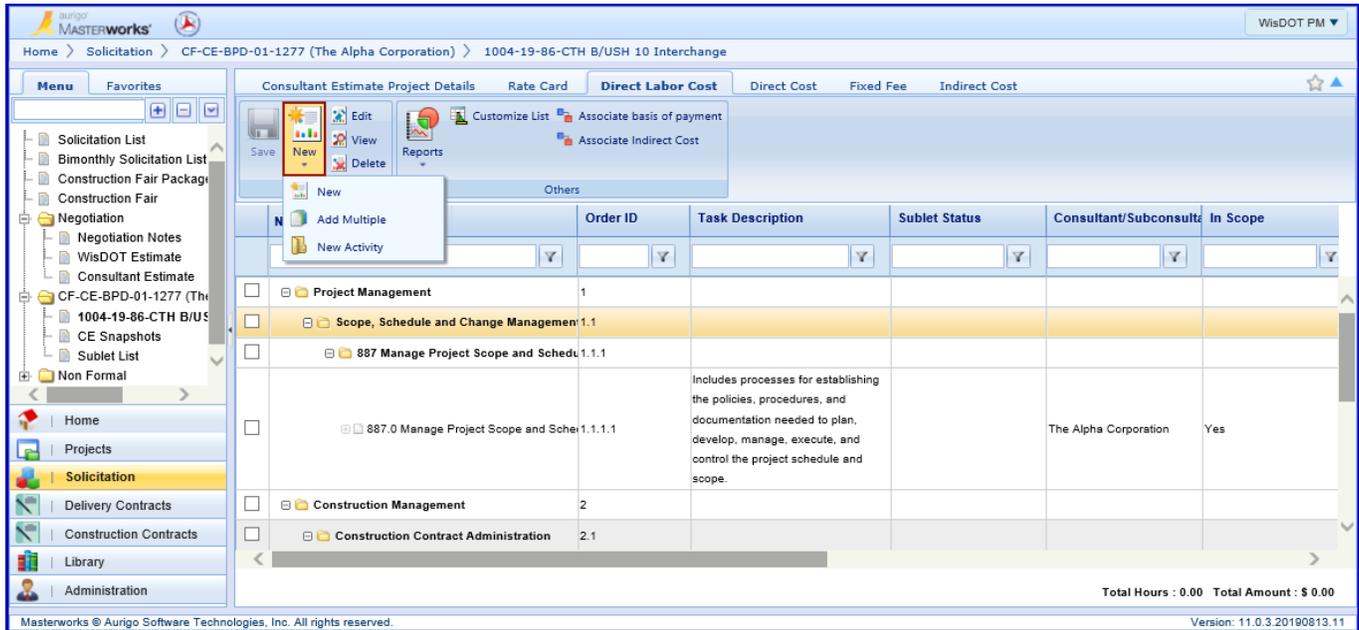
2.5   Send the Negotiation to the Consultant

If no changes needed to be made to the task list, click Scope Finalized.
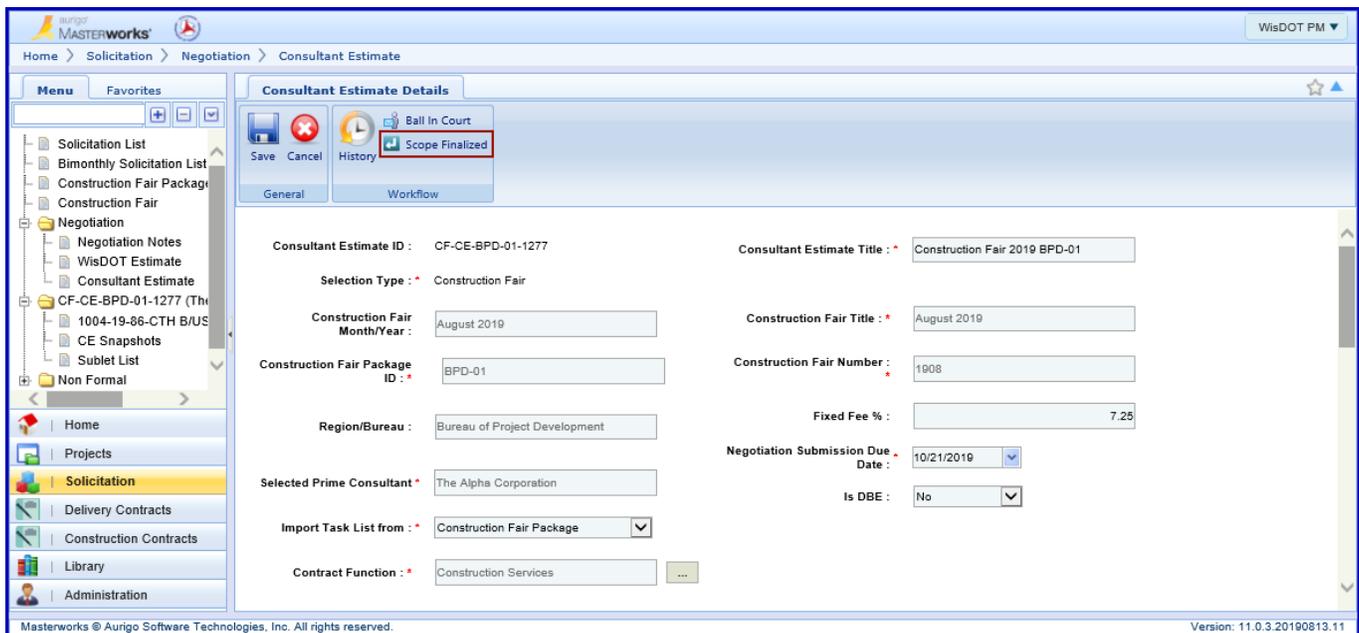
If changes were made to the task list, or if the estimate was saved in Draft status before being submitted return to the Consultant Estimate list. Check the box next to the negotiation and click **Select Actions** and **Scope Finalized**.

Click **OK** on the acknowledgement screen. No additional notes are needed.

A warning message will be displayed in the upper right corner of the screen indicating that the system was unable to send a message to the consultant. Please notify the consultant that it has a new negotiation to begin.

3   Consultant Estimate – Consultant

Specific Rate Use

Staff performing services under a contract will be named in the contract. Possible substitute(s) will also be included. The substitutes added will be shown with minimal hours.

Substitutes within a resource classification must have similar rates of pay. EX – the project leader is a senior engineer with a wage of $35/hr. One of the substitutes is the department manager with a wage of $55/hr. When performing the duties of project leader, the substitute will have a specific similar to the primary resource.

Class rates may be used when specific staff are unknown. Consult with WisDOT to determine which resources must be named and which may be added at class rates. In general, resources including project managers and/or project leaders must be named. When including class rates supporting documentation must be added to the negotiation to substantiate the rate. An estimate may be created based on the weighted average wages of employees listed in the rate card.

Adding Substitutes to Rate Cards

To reduce the potential for amendments possible, known substitutes should be added to rate cards to establish a rate for the known employees. The substitutes are added to the rate card and weighted at 1% of the contribution to the rate card.

Adding Class Rates to Rate Cards

When unknown employees will be contribution to a resource classification a class rate. A resource with the name "Class Rate" is added to the consultant's list of key staff and added to the rate card. The class rate is weighted at its expected contribution.

Example

In the example below, the known resources are contributing an estimated 90% of the resource class effort. An additional known substitute is contributing 1% of the resource class effort. Additional unknown employees (Con Tech Class Rate) are contributing and estimated 9% of the resource class effort. Dividing $22.87 by 91% equals the Current Rate of the Con Tech Class Rate, in this case $25.13.

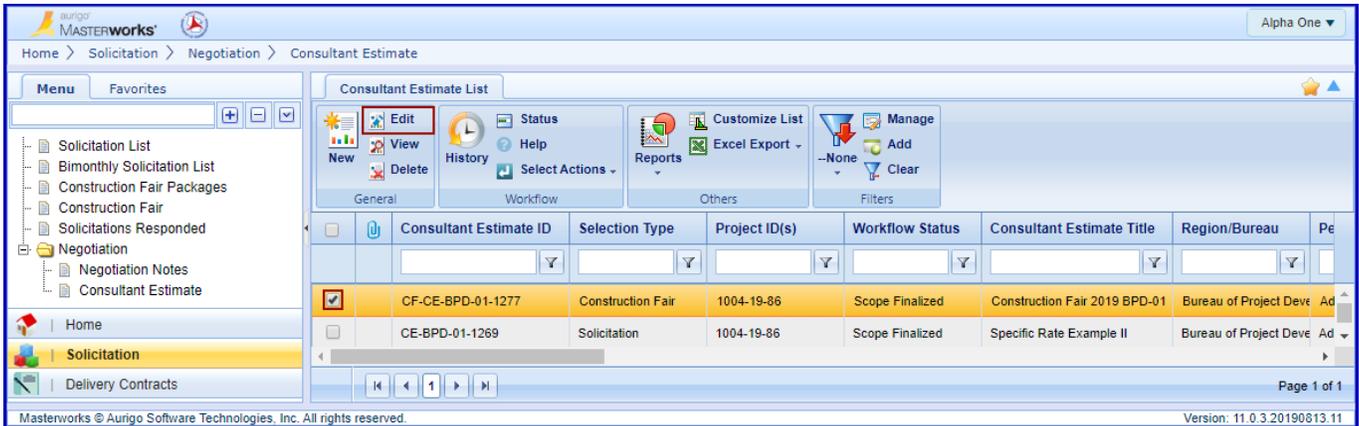| Construction Technician - Mid							Class Rate Calculation	
Employee Name	**Current Rate**	**% Pay Increase**	**Date of Increase**	**% Work at Current Rate**	**% contribution on project**			
Alpha Con Tech One	$24.00	0.00%	1/1/2020	100%	40%		$24*40% =	$9.60
Alpha Con Tech Two	$26.00	0.00%	1/1/2020	100%	50%		$26*50% =	$13.00
Alpha Con Tech Three	$27.00	0.00%	1/1/2020	100%	1%		$27*1% =	$0.27
Con Tech Class Rate	$25.13	0.00%	1/1/2020	100%	9%		-	-
							91%	$22.87
							$22.87/91% =	$25.13

3.1   Finding the Negotiation

3.1.1   Prime Consultant

Navigate to the **Solicitation** module, expand the **Negotiation** folder in the left navigation and clicking **Consultant Estimate**.
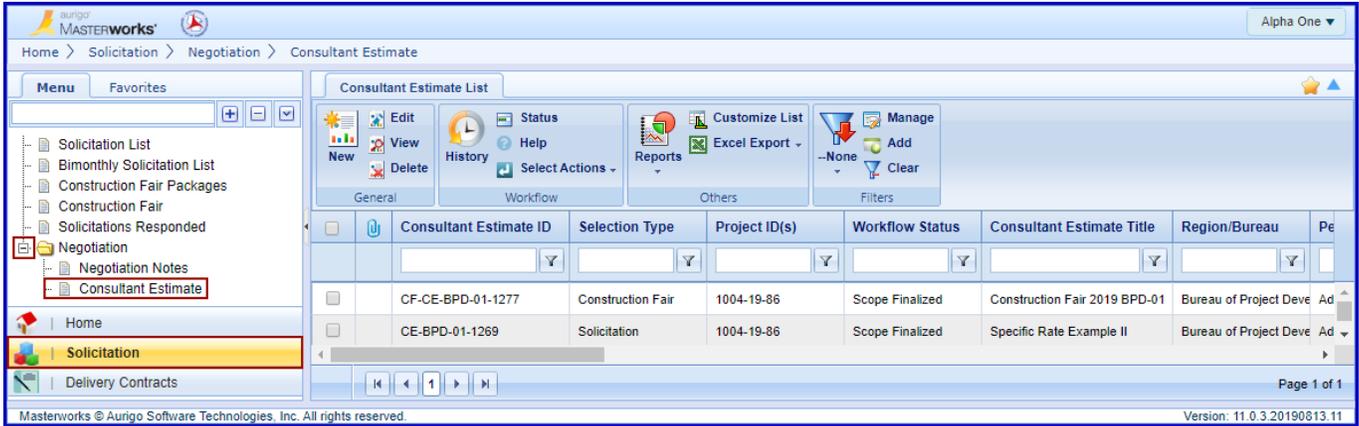
Select the negotiation using the check box and click Edit.

The solicitation information is displayed on the top half of the screen.

A summary of the negotiation cost is displayed. Any attachments included in the negotiation are included at the bottom. If the negotiation contains multiple projects, a separate line and subtotal will be displayed for each project.

Attachments made at this level will be visible to the prime consultant, subconsultants and WisDOT.

Expand the folder with the Negotiation ID in the left navigation and click on the link with the project ID. A summary of project costs is displayed.

3.1.2   Subconsultant

Navigate to the **Solicitation** module, expanding the **Negotiation** folder in the left navigation and clicking **Consultant Estimate**.
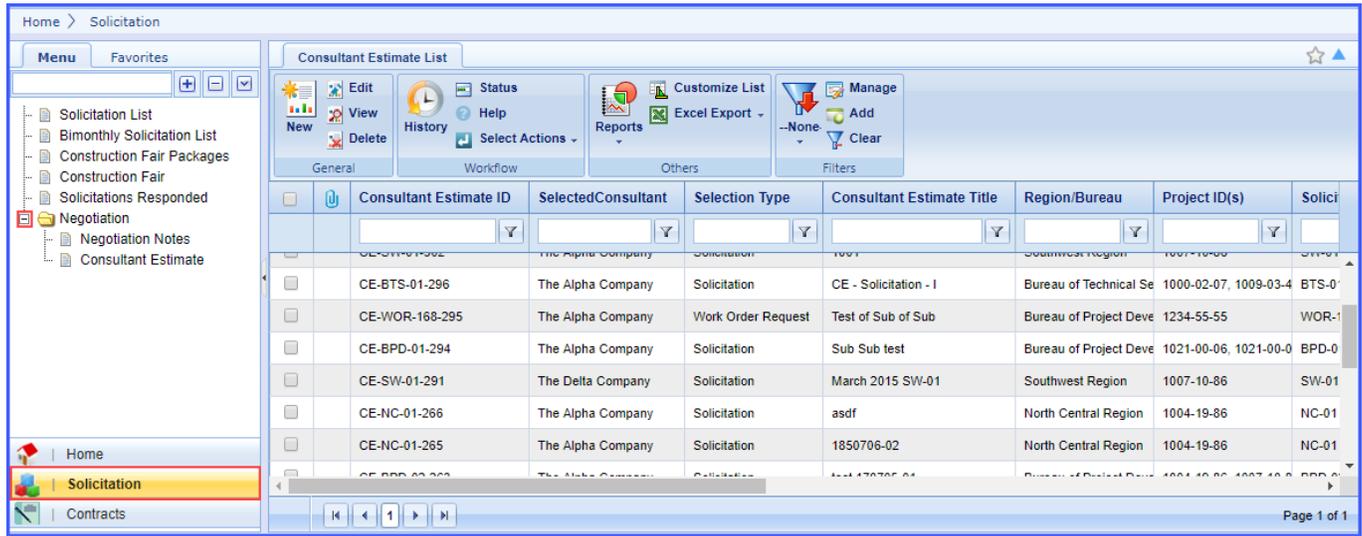
Check the box next to the negotiation and click **Edit**.
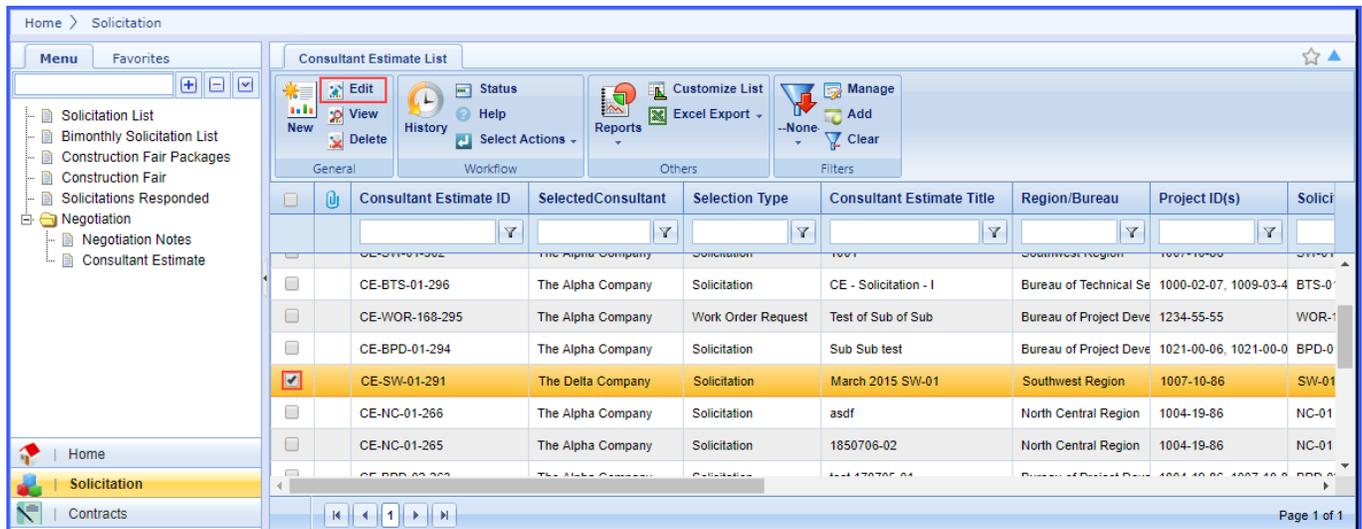
Expand the folder with the negotiation title and click Sublet List. Check the box next to negotiation and click **Edit**.
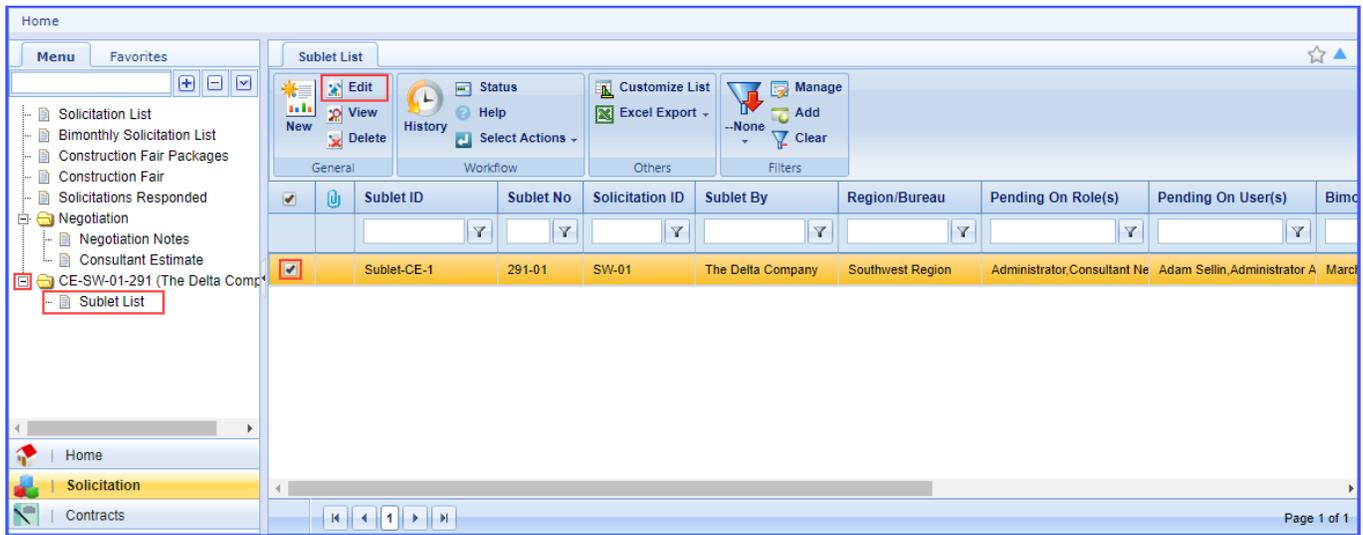
Expand the folders in the left navigation and click on the link with the project ID. A summary of project costs is displayed.
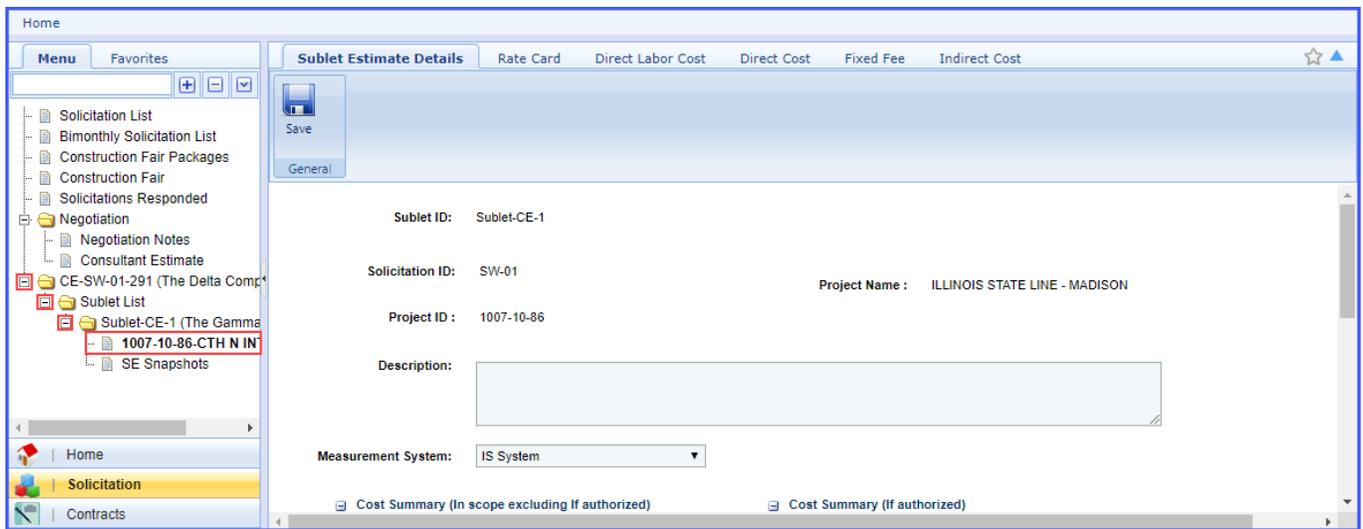
3.2   Create a Rate Card

3.2.1   Create a new rate card
Click on the **Rate Card** tab and click **New**.

Click on the ellipses next to the **Resource Classification** field.

Once a Resource Classification and Rate Card Type are saved the rate card may not be changed.

Use the filter to narrow the list of options, select the Resource Classification and click **Select**.

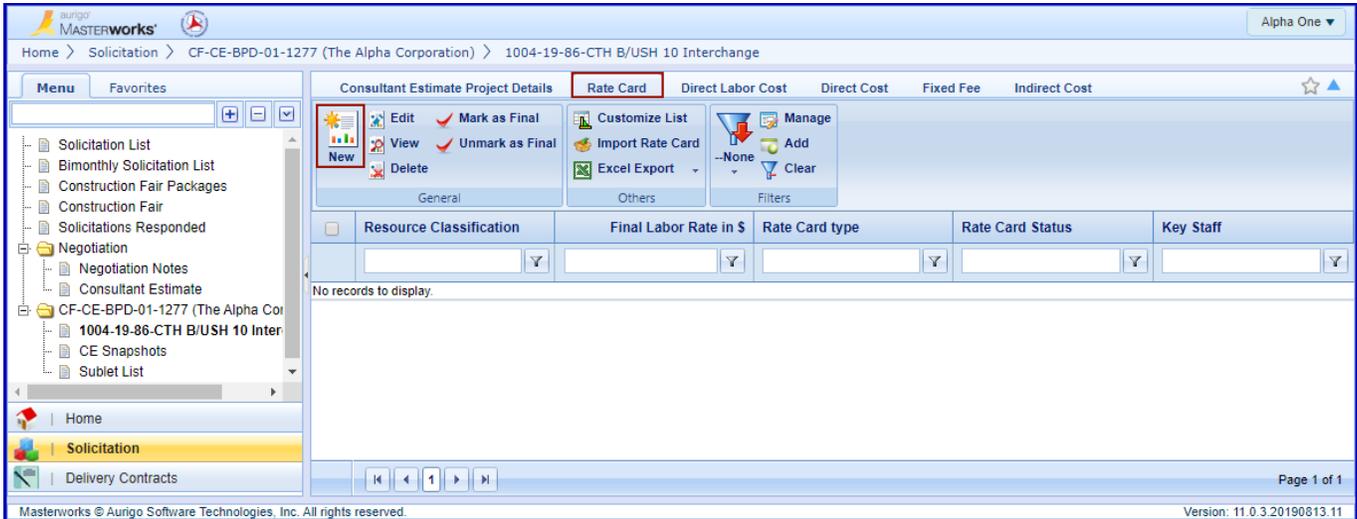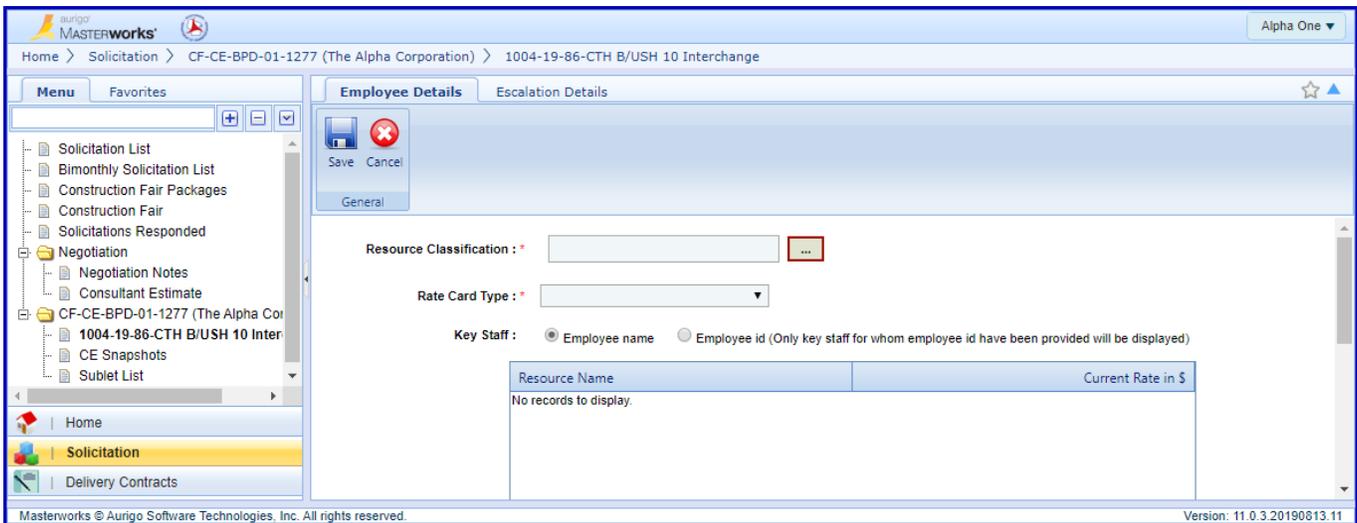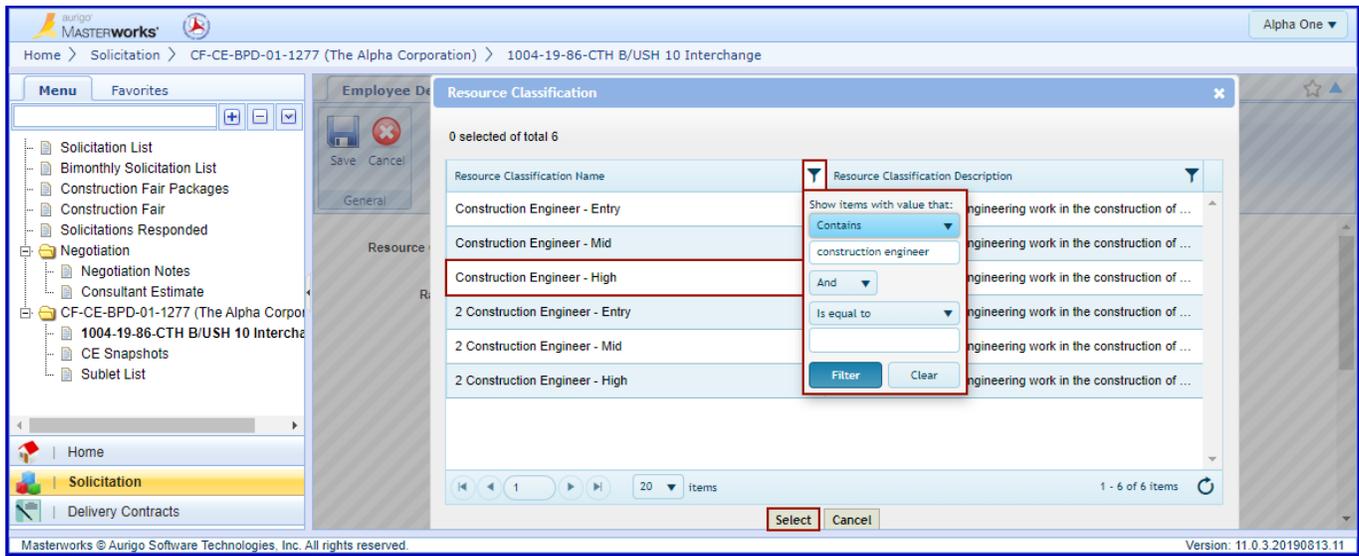Select the **Rate Card Type** from the dropdown menu. Use Individual Wage when the basis of payment will be actual cost plus fixed fee or lump sum, NA when the basis of payment will be cost per unit and Specific Rate when the basis of payment will be specific rate of compensation.

All construction engineering contracts use the Specific Rate Rate Card Type.
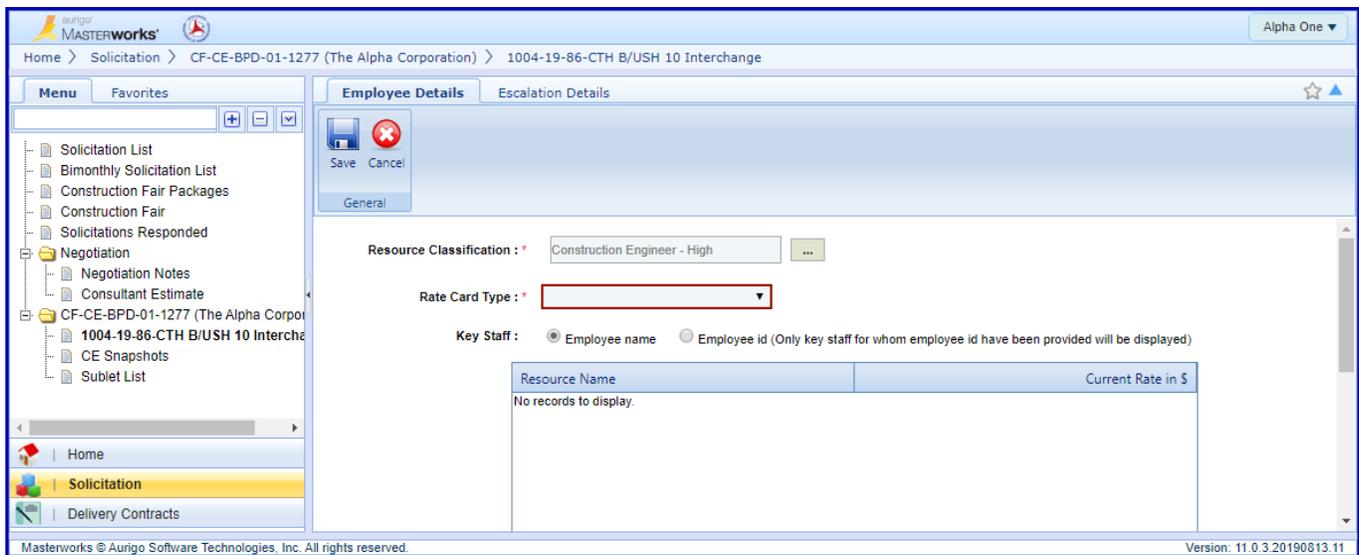
Choose the option to include employee names in the contract or only employee IDs.
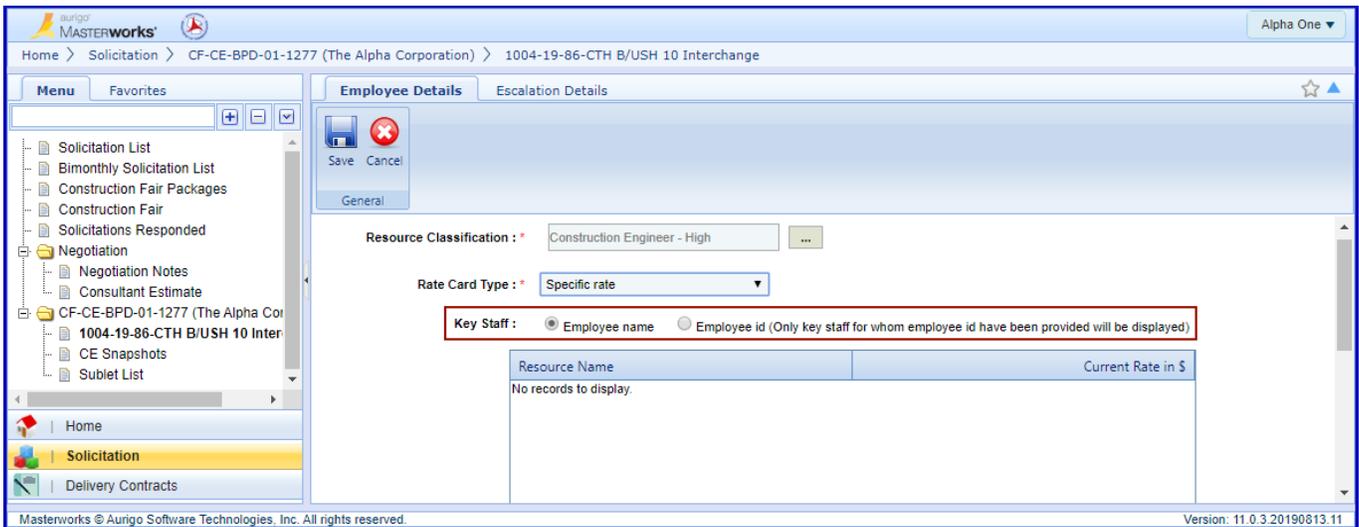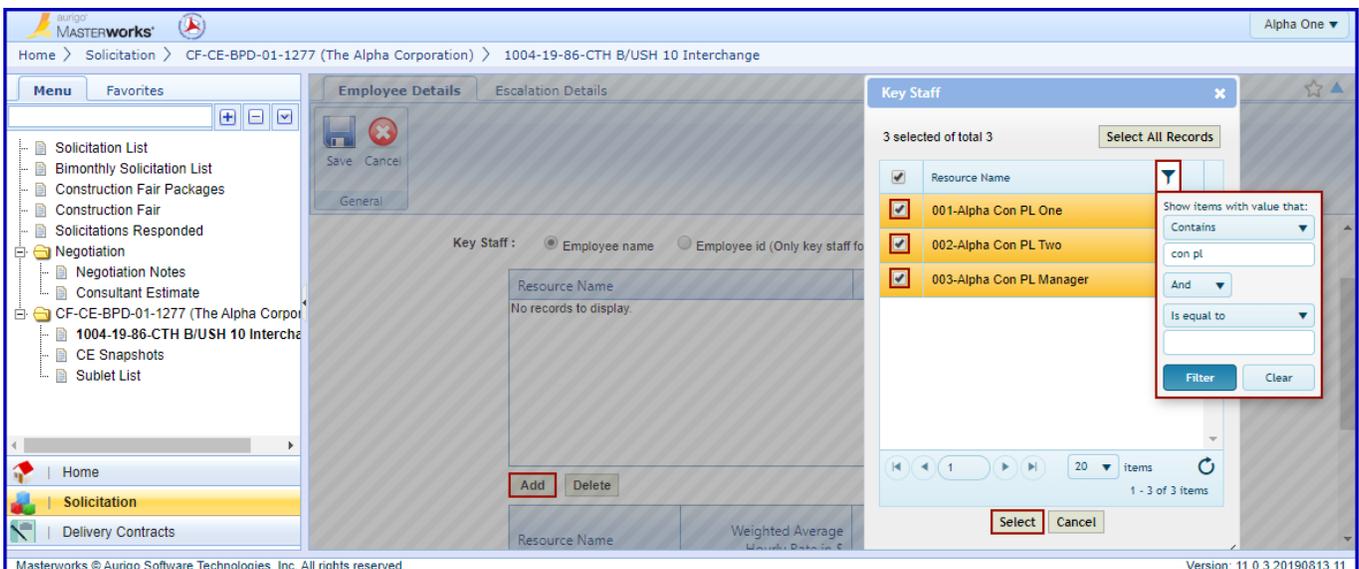

Click **Add** underneath the first table to select employees that will be part of this resource classification. On the pop-up box that opens us the checkboxes to select one or more employees and click **Select**.

Double click in the box next to each employee in the column Current Rate and enter the current pay rate for each employee.

Click on the **Escalation details** tab, check box next to the employee and click **Edit**.

3.2.2   Add Specific Rate Escalation Details

Click on the ellipses next to the **Indirect Cost %** field. Select the indirect cost rate type from the popup box and click **Select**. The current indirect cost rate will be added. In most cases the indirect cost rate type will be Home Office. See FDM 8-10-20 for types on indirect cost rate accounting.

Do not mix indirect cost rate type within one rate card.

At this time indirect cost rates for specific rate basis of payment cannot be increased once a negotiation has started. If the indirect cost rate that appears is lower than the current rate contact WisDOT.

If specific rate rate card will be completed using market rates (no indirect cost or fixed fee,) please contact WisDOT to remove fixed fee.
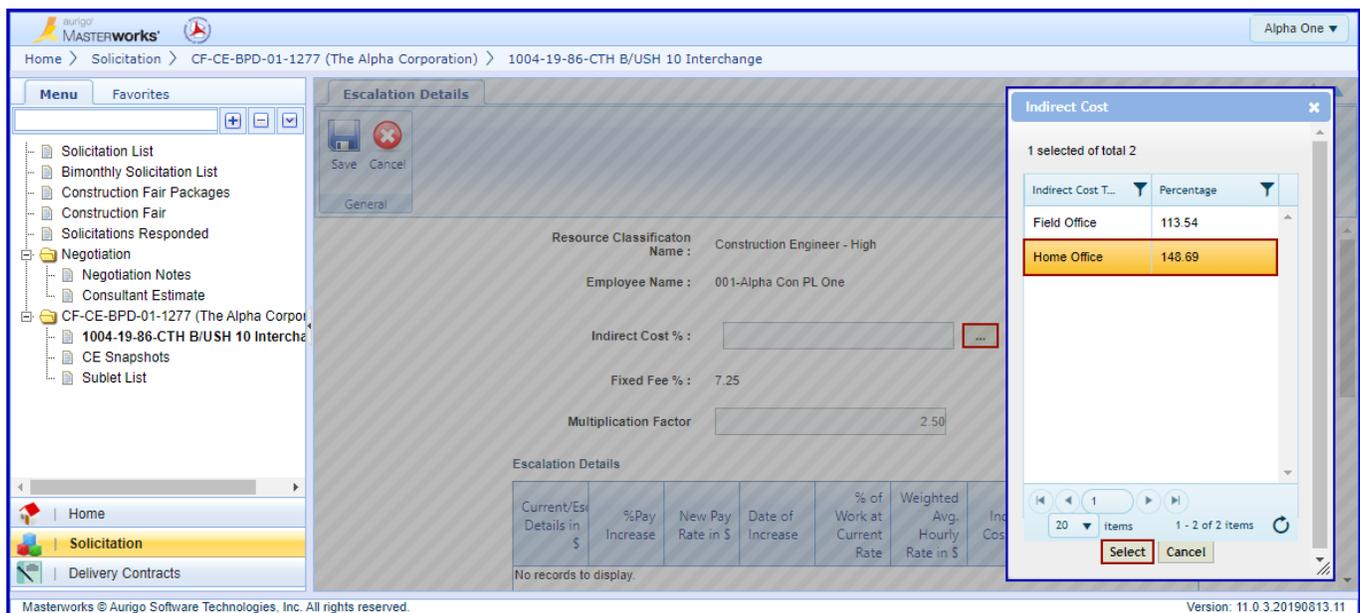
First define the period the employee will be receiving the current rate of pay. Click **Add** underneath the table. Enter 0 as the **% pay increase**, today's date as the **Date of Increase** and the estimated amount of work that will be completed at this rate as the **% of Work at Current Rate**.   If the employee will not be receiving escalation in the contract period enter 100 as the % of Work at Current Rate. Click **Save**.

Next, define the period the employee will be receiving the escalated rate of pay. Click **Add** underneath the table. Enter the escalation rate as the **% pay increase**, the date of increase as the **Date of Increase** and the estimated amount of work that will be completed at this rate as the **% of Work at Current Rate**. Click **Save**.

The escalation rate may not exceed the amount published on WisDOT's Consultant Notices webpage. (https://wisconsindot.gov/Pages/doing-bus/eng-consultants/notices/default.aspx)
WisDOT reviews the maximum escalation factor annually. The 2019 factor of 3.1% may be reflected immediately for negotiations that have not been completed. All contracts submitted after February 14, 2019 must reflect this factor. Consultants apply wage escalation to estimates of work to be performed based on the relationship of the consultant's normal cycle for wage increases and the timing of work performed under the contract. Current pay rates along with dates of anticipated increases should be shown in supporting fee computations.

Add escalation details until the % of Work at Current Rate sums to 100%.

Complete the Escalation Details for the remaining employees.

3.2.3   Weight Employee Contributions

When the escalation has been completed for all employees click **Employee Details**.
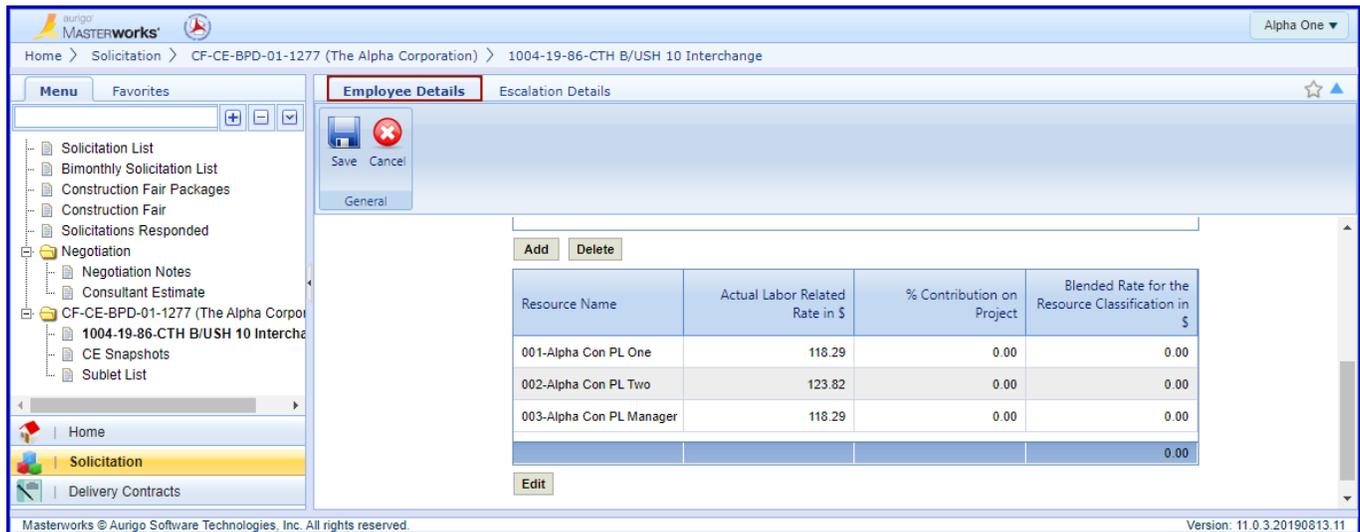
The escalated wages are brought back to the Employee Details page and the contribution of each employee to the contract must be defined.   Select the first employee and click on **Edit**. In the pop-up box enter the employee's estimated contribution to the contract within this classification in the **% contribution to project** and click **Save**.

Substitutes are given a % contribution to project of 1%.
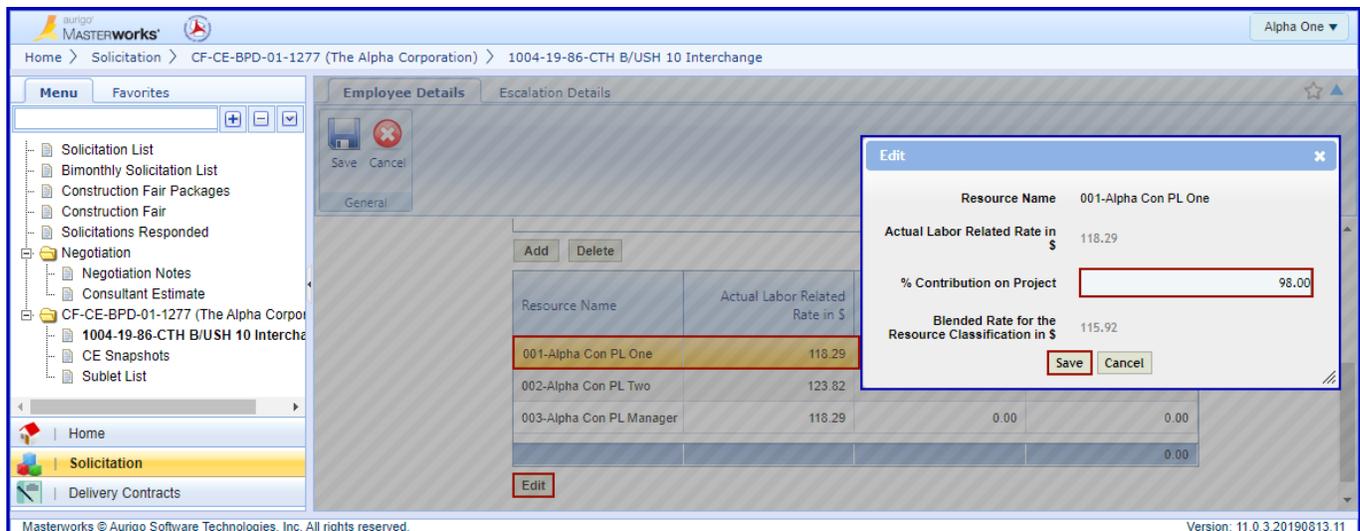
Complete the weighting for the remaining employee(s).

The % contribution to project must sum to 100.

Click Save after the weighting is complete.

3.2.4   Import a Rate Card

A rate card may also be imported from a previous negotiation. To import a rated card click Import Rate Card. In the pop-up box select a negotiation and click **Select**.
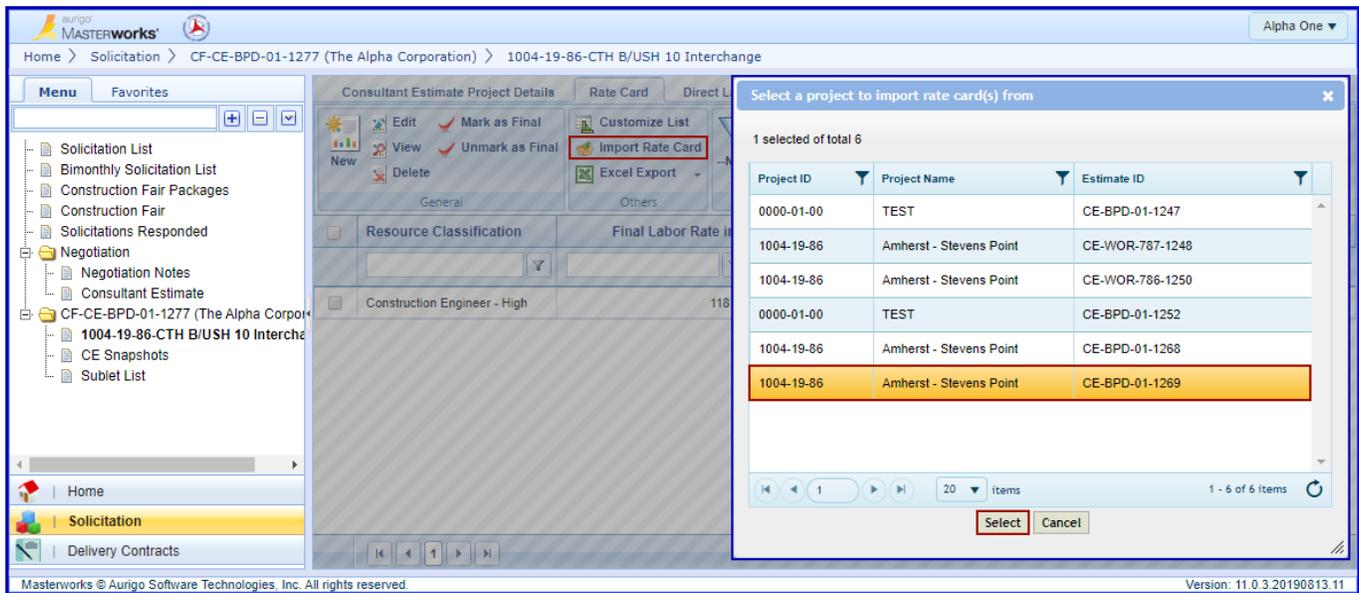
In the next pop up box that appears check the box next to the rate card to be imported and click Select.
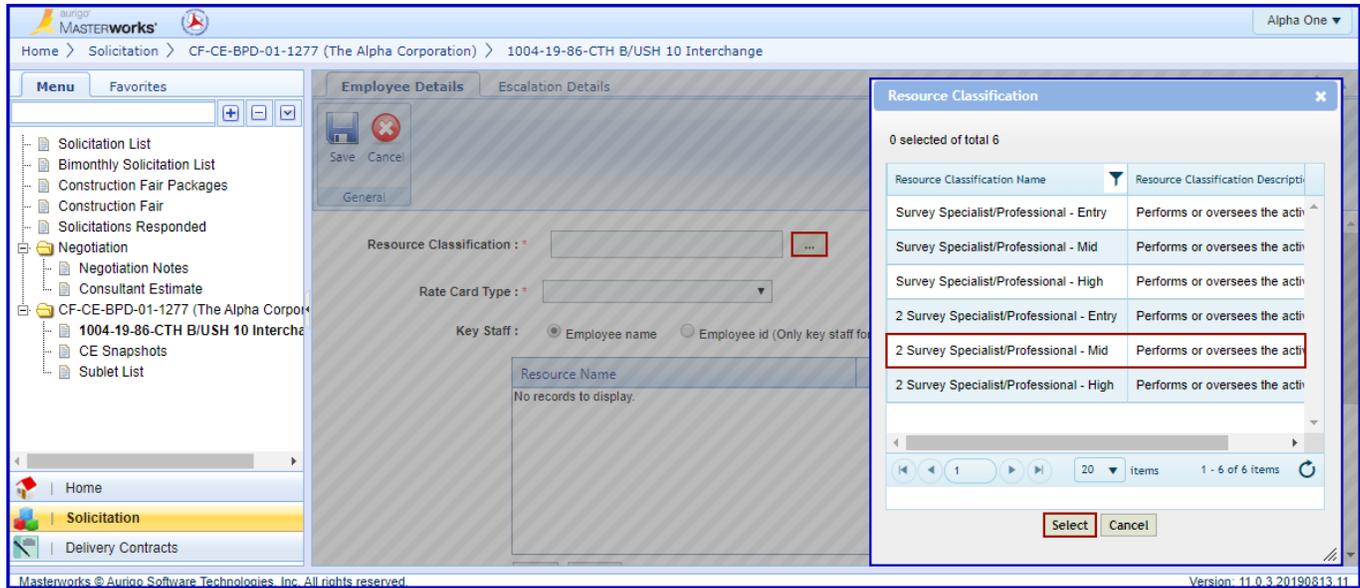
A Resource Classification – Rate Card Type combination may not be duplicated in the negotiation.
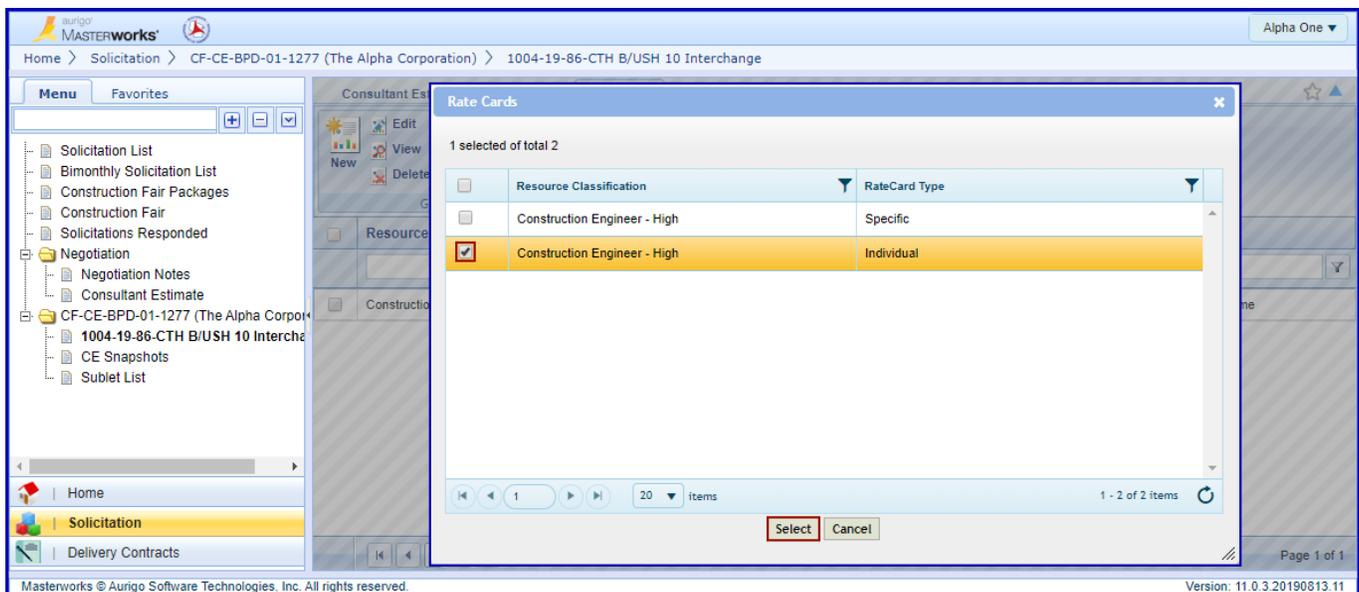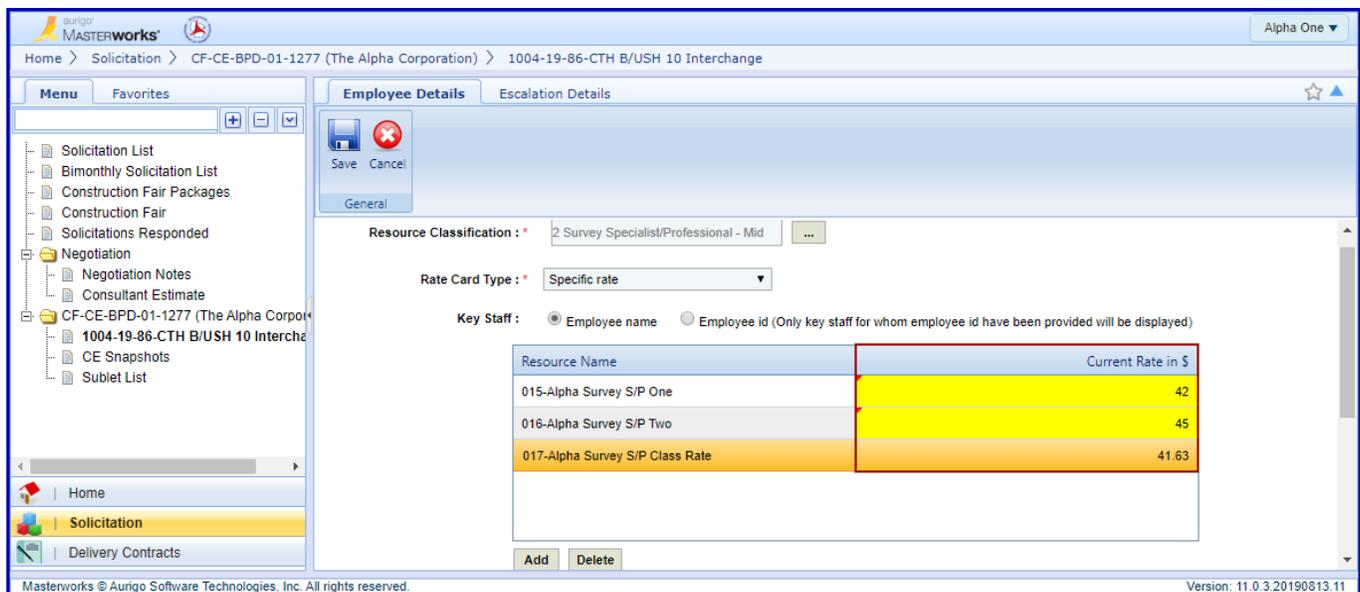
3.2.5   Premium Pay with Indirect Cost Applied

When indirect costs will be applied to the full cost of the premium wage.

Begin a new rate card for the classification receiving premium pay. Select the Resource Classification with the "2" prefix.


Add the employees at the base premium rate.

Complete the Escalation Details as outlined previously.

### 3.2.6   Premium Pay without Indirect Cost Applied

When indirect costs will not be applied to the premium portion of the wage the indirect cost rate will be factored down. In the case of overtime paid at 1.5 times the base wage, the indirect cost rate will be reduced by 1/3.

Begin a new rate card for the classification receiving premium pay. Select the Resource Classification with the "2" prefix.

Add the employees at the base premium rate.
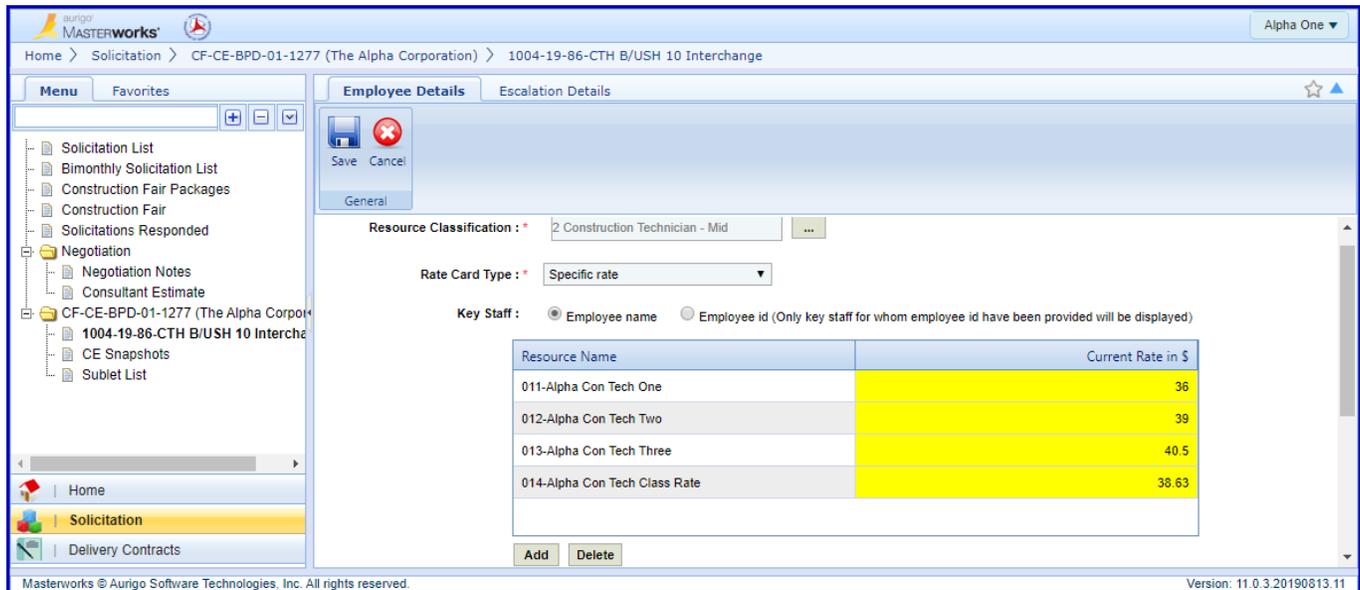
Move to the Escalation Details tab and begin escalation for the first employee. Select the appropriate indirect cost rate type. Edit the indirect cost rate down to the appropriate level. In the case of time and one-half overtime, this will be 2/3 of the approved rate.
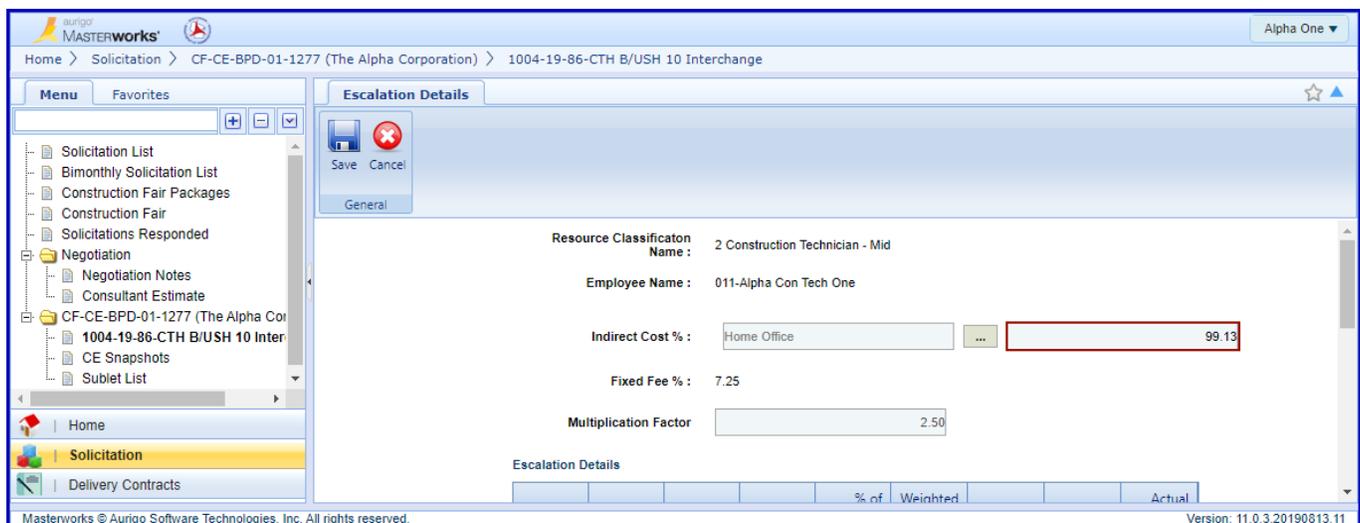
Complete the rate card as outlined previously.

3.2.7   Complete the Rate Card

Mark the rate card(s) final by selecting it using the checkbox and clicking **Mark as Final**.

Click **OK** on the warning message that appears.

The Rate Card Status should now show Final.

3.3   Direct Labor Cost

## Level of Task Detail to be Included

WisDOT has developed a work breakdown structure that includes tasks that may be included in the Direct Labor Cost. Each activity is broken down into a summary task and detailed tasks. The summary task is the task that ends with ".0"; the detailed tasks end with ".1-.x". When negotiating construction engineering, detailed tasks do not need to be included, but all activities the consultant is anticipated to perform must be included as a summary task.

In the example below the green row is known as a function, blue as a sub function, light orange as an activity, light yellow as a summary task and white as detailed tasks. If the consultant will be performing any of the detailed tasks the summary task, 271.0, must be included; but the detailed tasks may be omitted.

Construction Management		
Construction Contract Administration		
271	Perform Construction Surveying	
	271.0	Construction Surveying - includes construction staking, quantity measurement, as-built development, and digital file storage for archive.
	271.1	Initial preparation/checking
	271.2	Perform construction staking
	271.3	Survey quantity measurements/computation
	271.4	Develop as built
	271.5	Digital file storage for archive

3.3.1   Entering Direct Labor

Click on the **Direct Labor Cost** tab. Right click on the folders that appear and click **Expand All**.
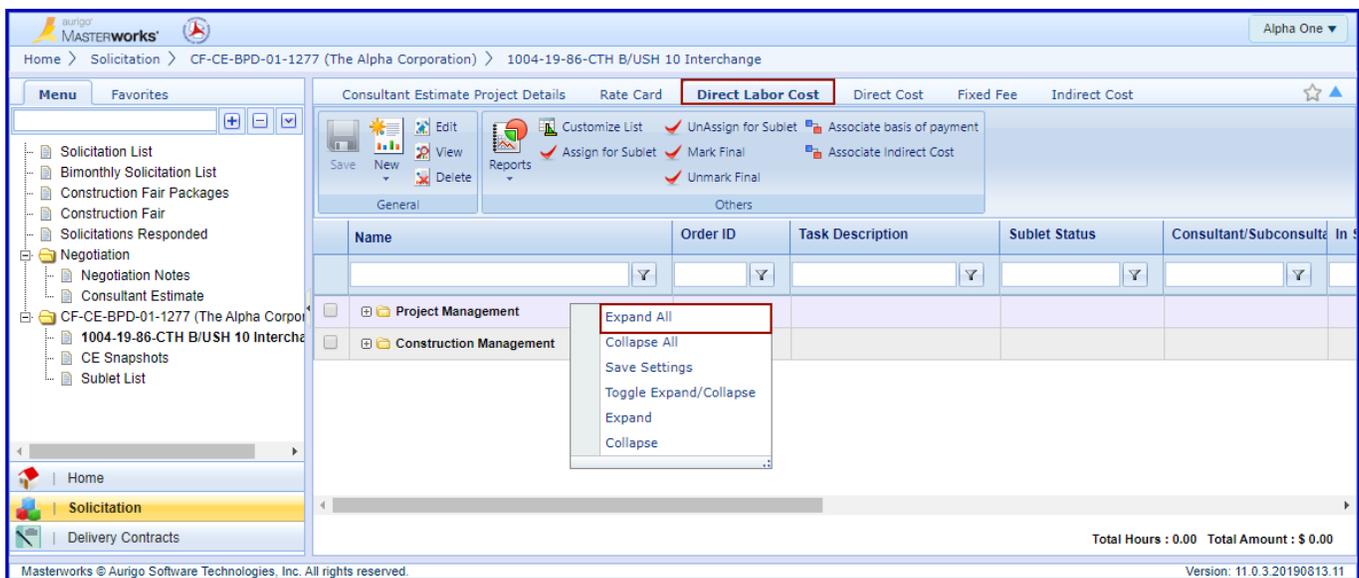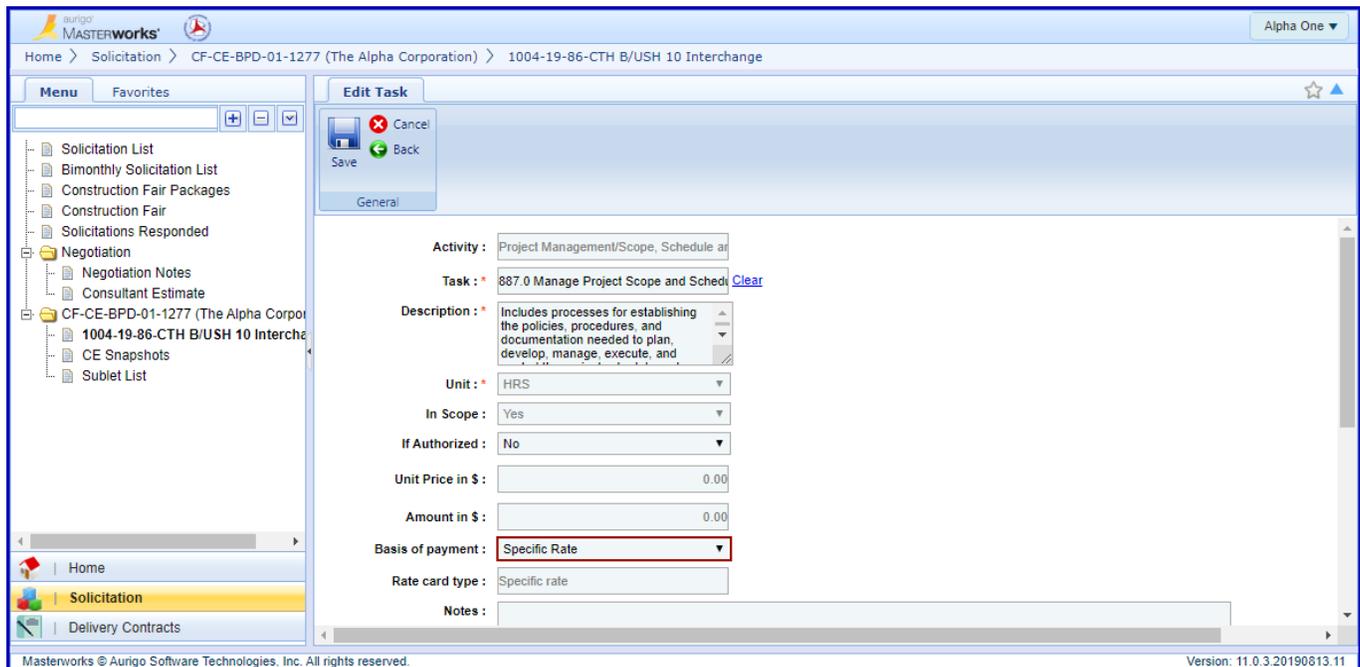
Check the box next to the first task and click **Edit**.
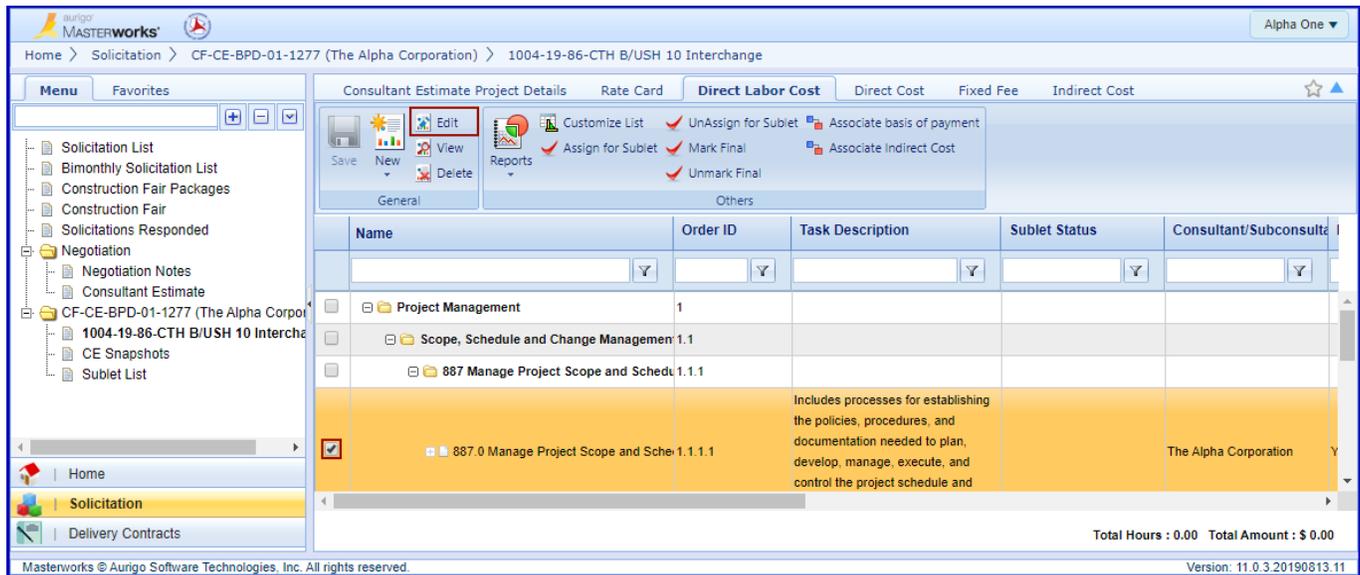

A description of the task will be displayed. If Authorized will default to No. Select the Basis of Payment from the dropdown menu. Notes may be added to include any assumptions made.

In most cases the field for If Authorized should be set to No. This indicates that the task will be part of the initial contract authorization.

Once a Basis of Payment is selected, if it is changed it will delete any resources that have been added to the task.

Click on the **Add** button beneath the Resources table. Check the box next to the resource(s) that will be working on the task and click **Select**.
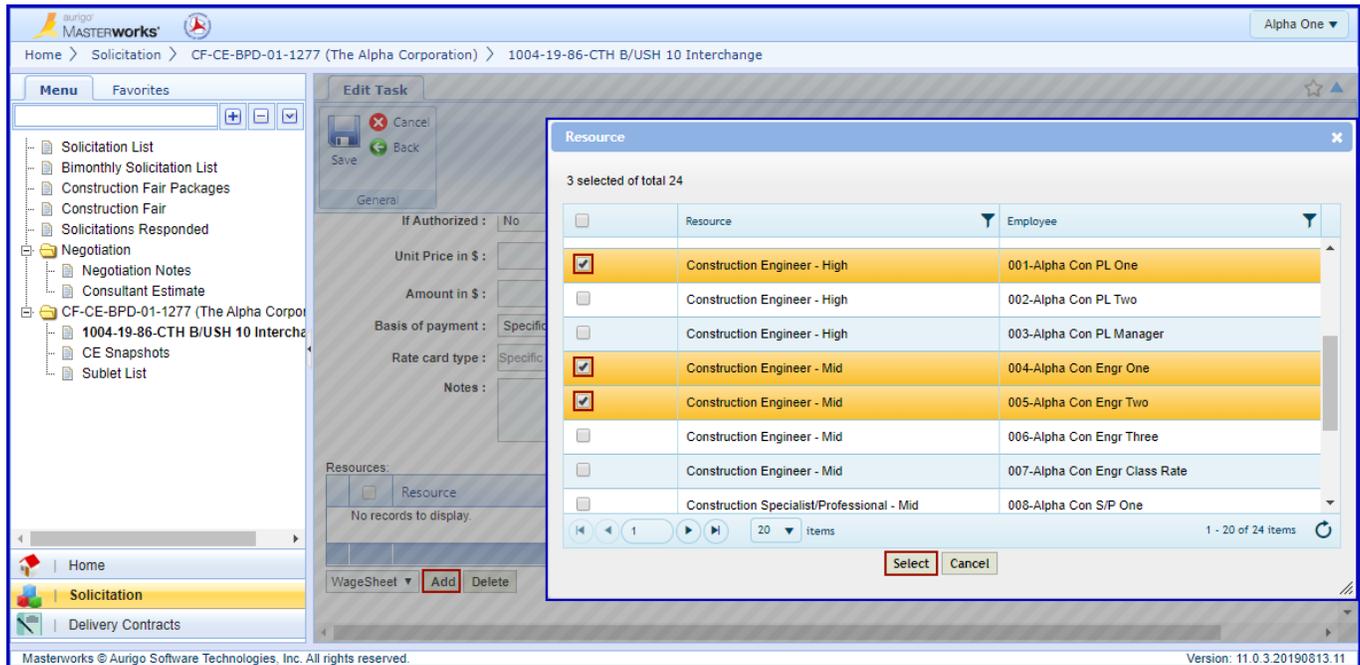
An **Associated Indirect Cost** does not need to be added for specific rate basis of payment. Double click in the cell in the **Quantity (Hrs)** column and enter the estimated number of hour this resource will take to complete the task.
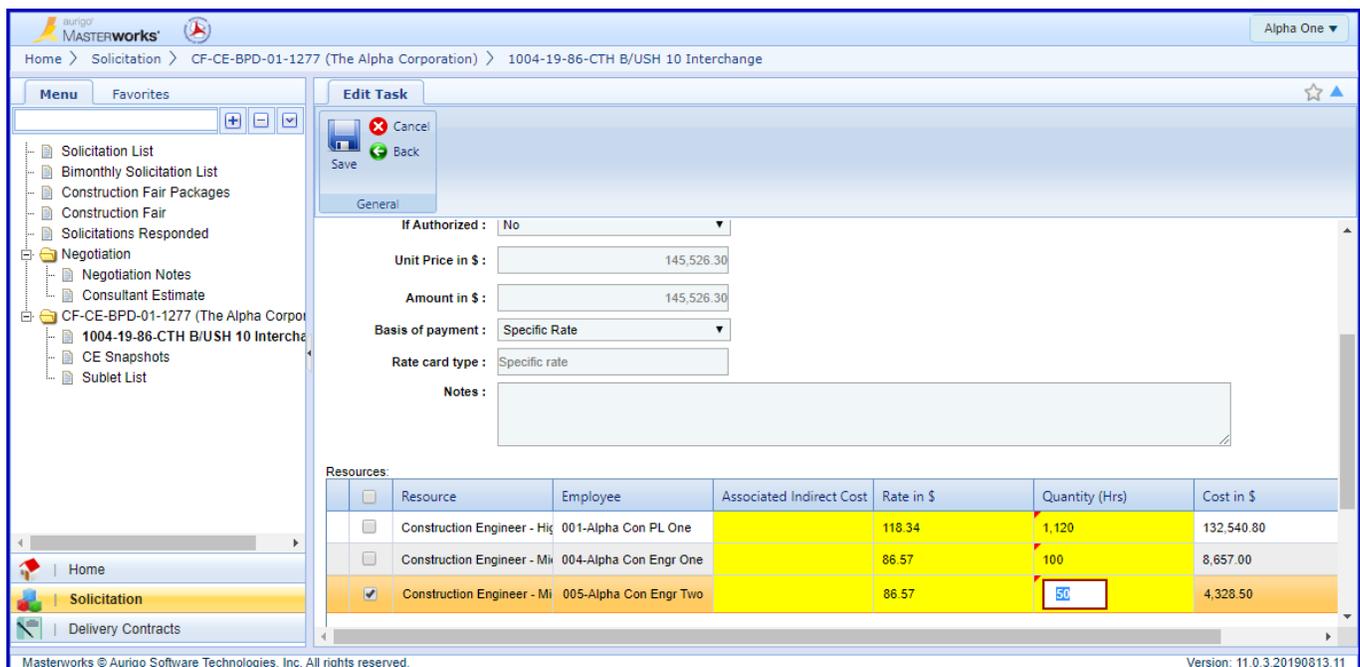
Click outside of the yellow cell so that red triangles appear in the upper left corners. Click **Save** and then click **Back** to return to the task list.

Complete the rest of the task in the task list as above.

Additional tasks may be added to the task list as outlined in section Add a New Task in this guide. Please discuss with your WisDOT contact before adding additional tasks.

3.3.2   Creating a Sublet

A single task may not be performed by more than one consultant. If a task will be performed by more than one consultant add the same task to the task list twice. See Add a New Task in this guide.

To create a sublet check the box next to the task to be given to the subconsultant and click **Assign for Sublet**.
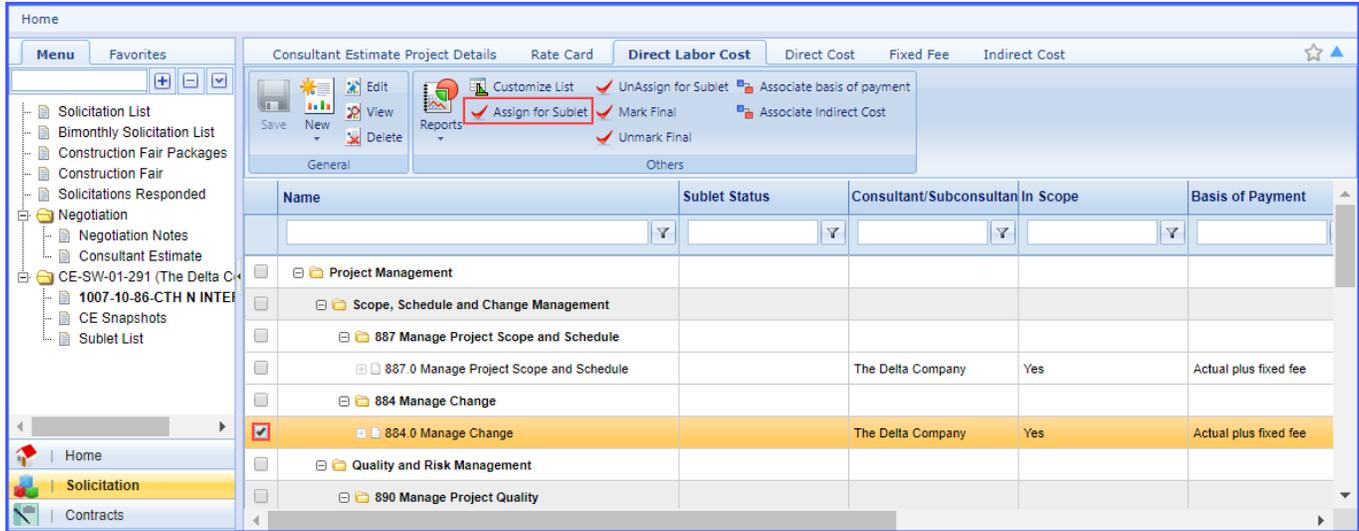
Click on Sublet List in the left navigation pane and click on **New**.
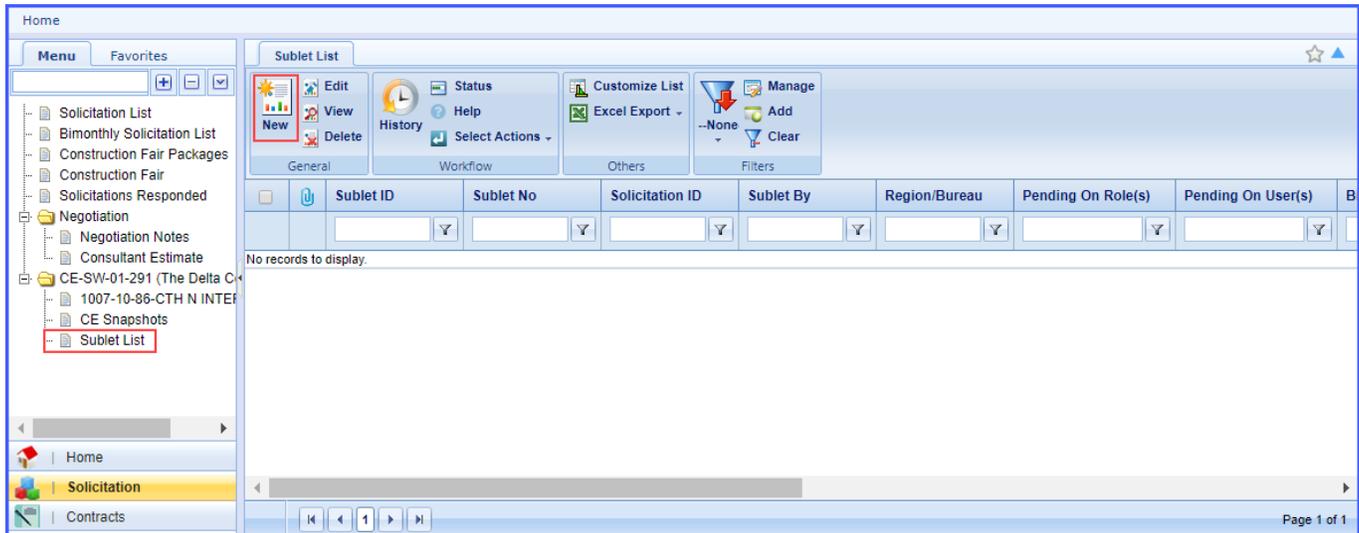
Enter the **Sublet No** as the negation number with a dash and sequence number (ex 291-01.) Use the ellipses to select **Sublet to Consultant**. Enter **Description** and **Scope of Work** narratives. Us the ellipses to select the **Contract Function** of the sublet. Click **Save**.

Check the box next to the newly created sublet and click **Edit**.
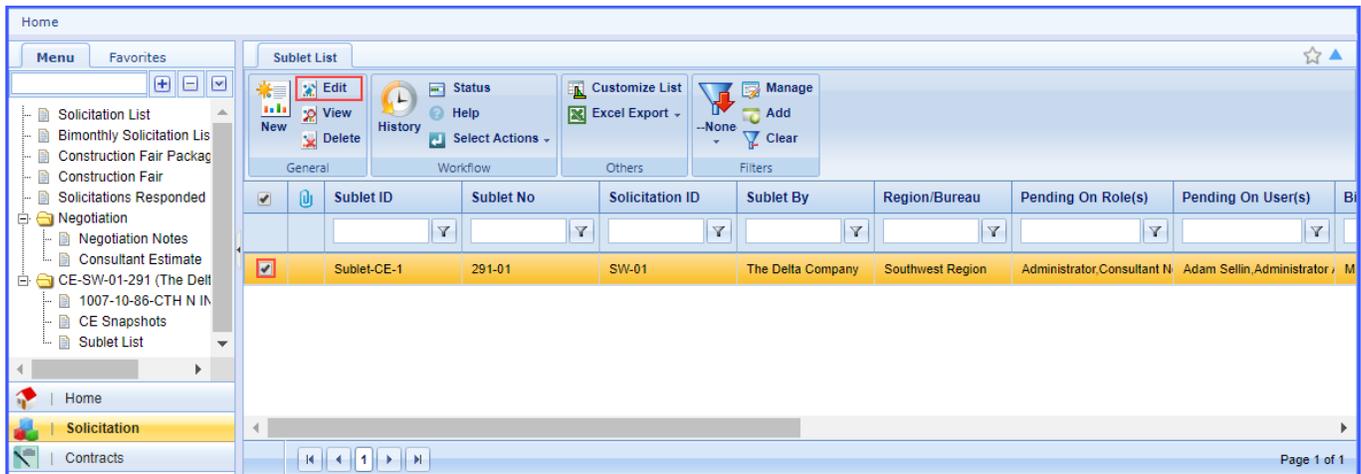
Expand the folder in the left navigation pane and click on the link with the project ID. Click on the **Direct Labor Cost** tab.
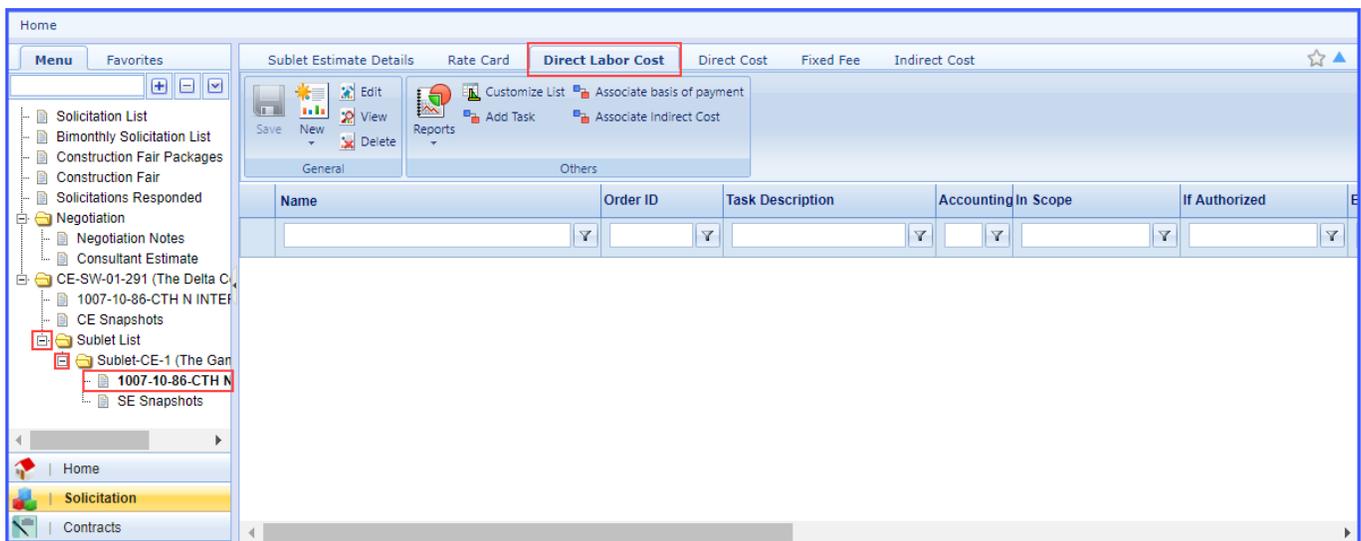
Click **Add Task**. In the pop-up box check the box next to the task to be assigned to the subconsultant and click **Select**.
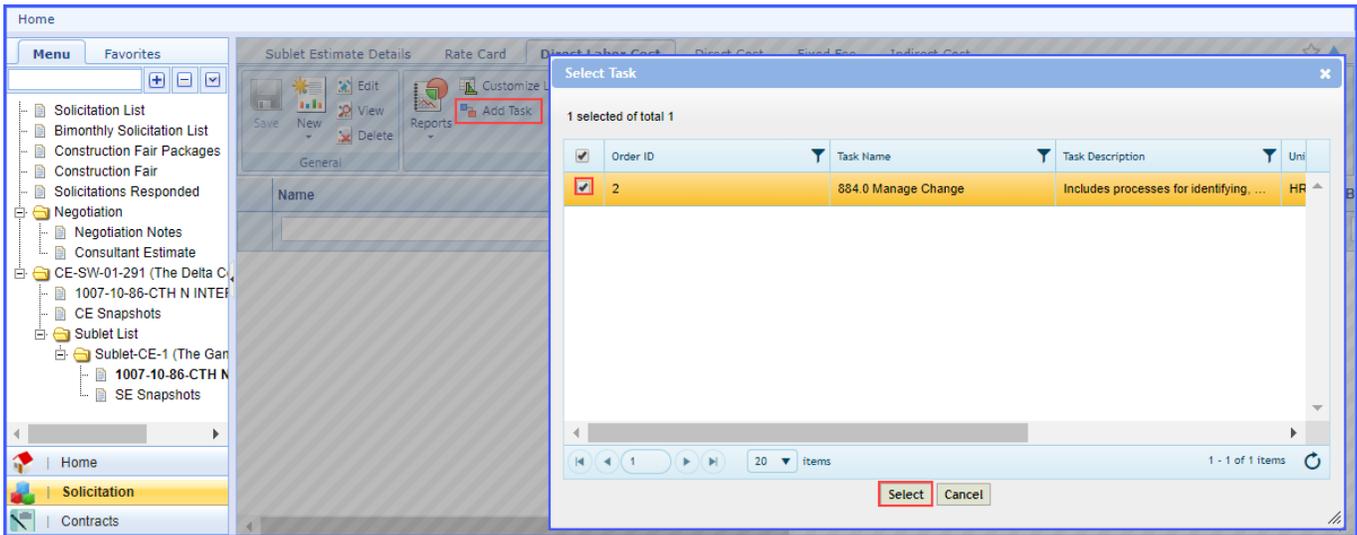
The task will now show up in the subconsultant's task list.
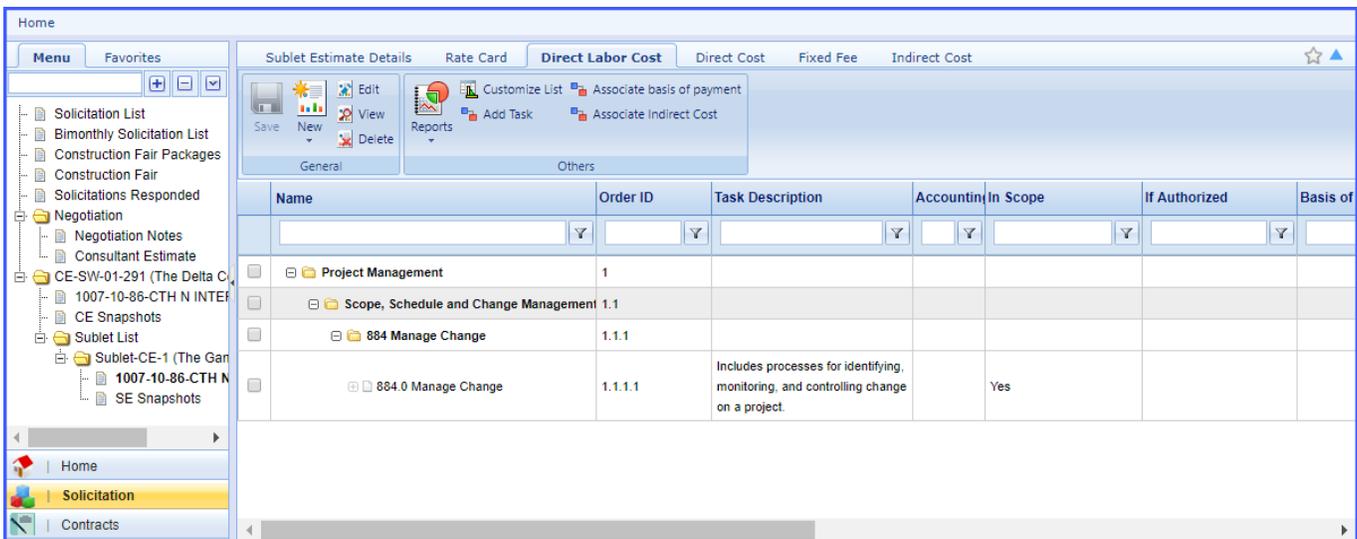
Click on **Sublet List** in the left navigation pane. Check the box next to the sublet. Click on **Select Actions** and **Scope Finalized**.
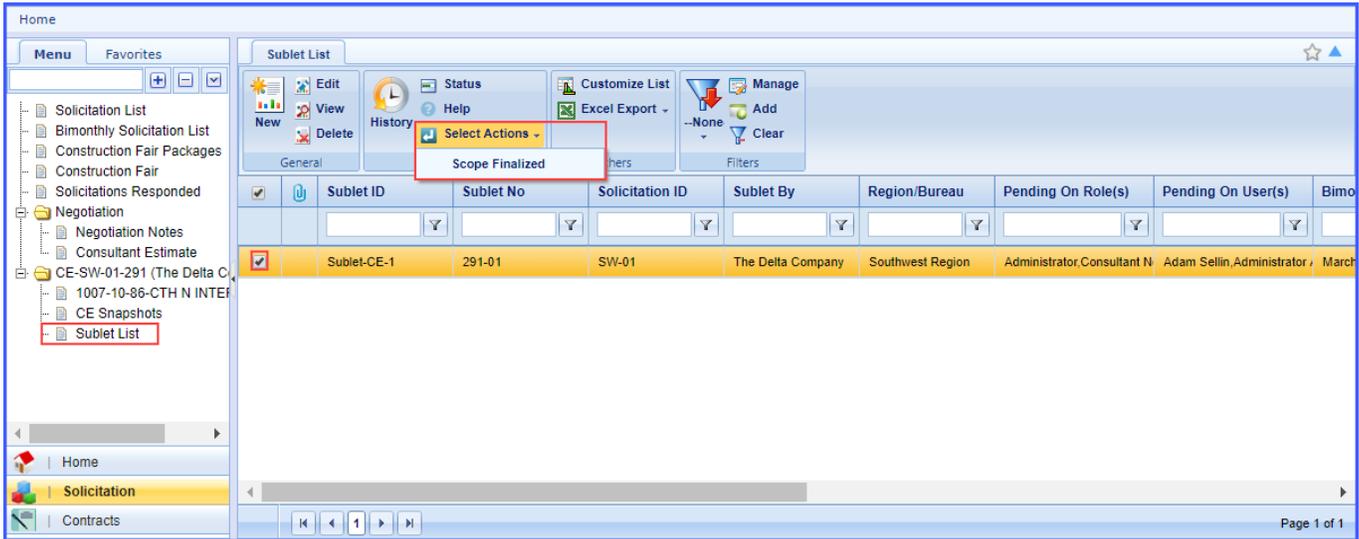
Click **OK** on the acknowledgement screen. The subconsultant can now begin work on its negotiation.
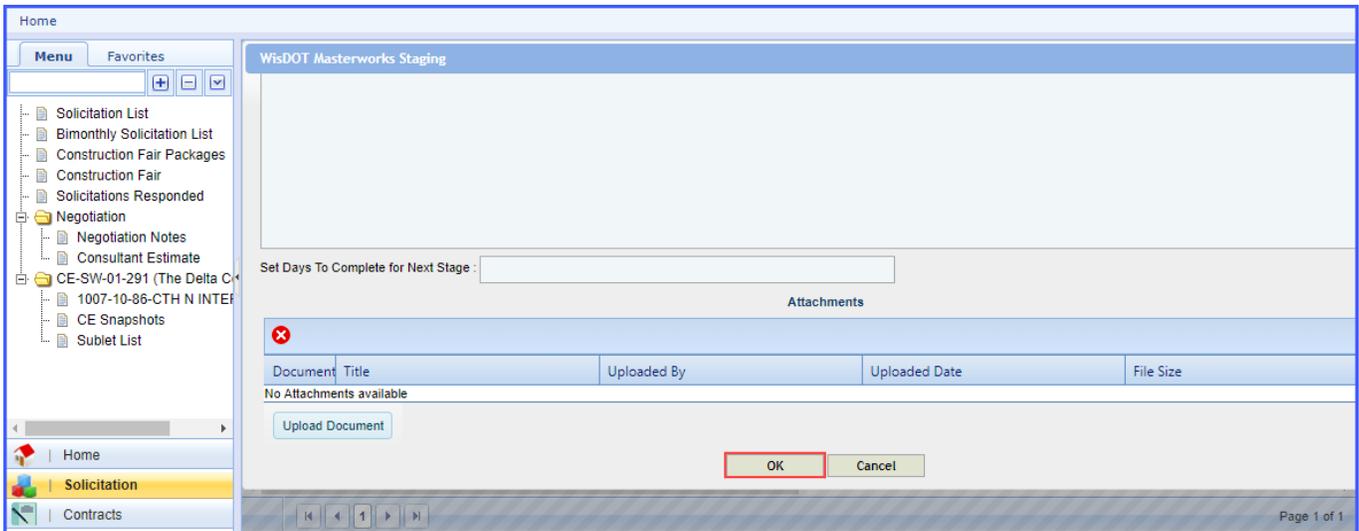
3.3.3   Completing Direct Labor Cost

Once all tasks have been completed click **Mark Final**.

A basis of payment must be associated to every task to complete this action.

A success message will appear.

3.4 Add Direct Costs

To add direct costs, click on the **Direct Cost** tab and click **Add** below the Direct Cost table.
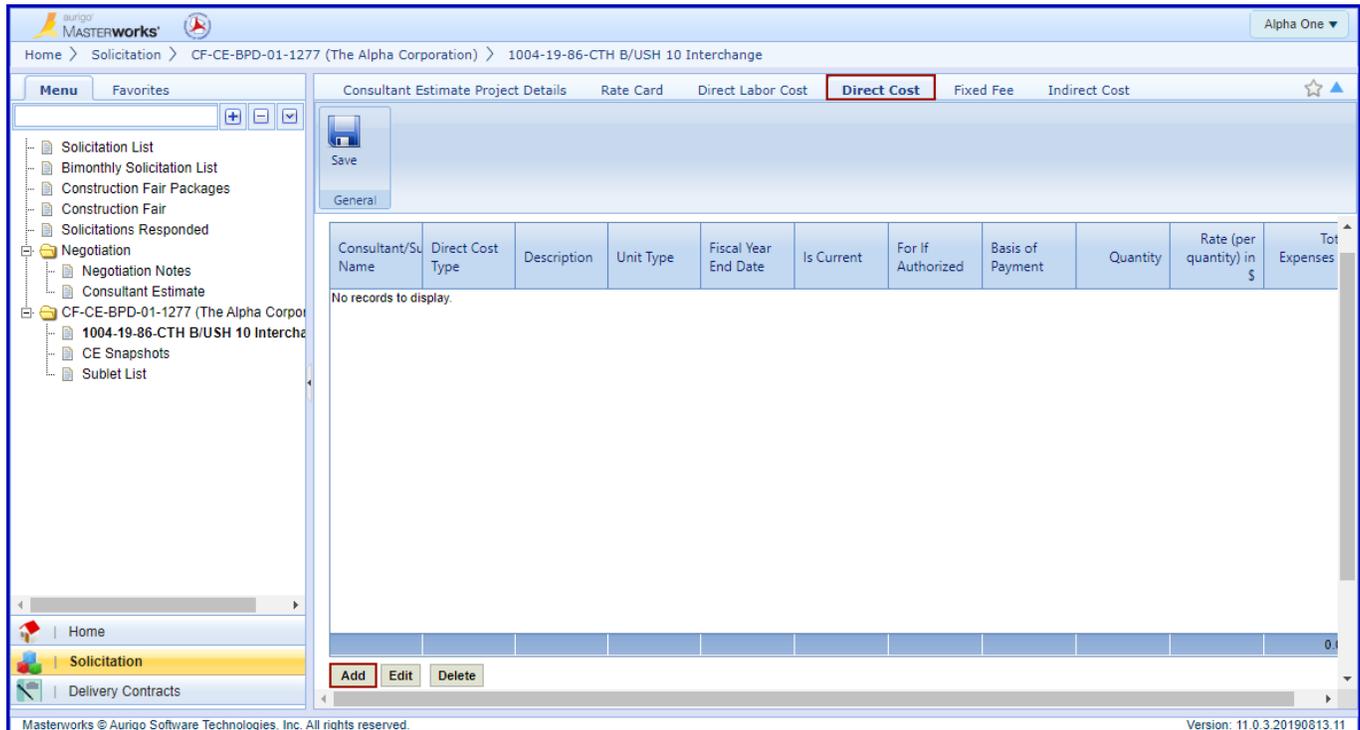
In the pop-up box check the box(es) next to direct cost type(s) that will be part of the contract. Click **Select** to add the types to the table. Multiple types may be added at once. Direct cost types may be duplicated, for example meals for lunch and meals for dinner.
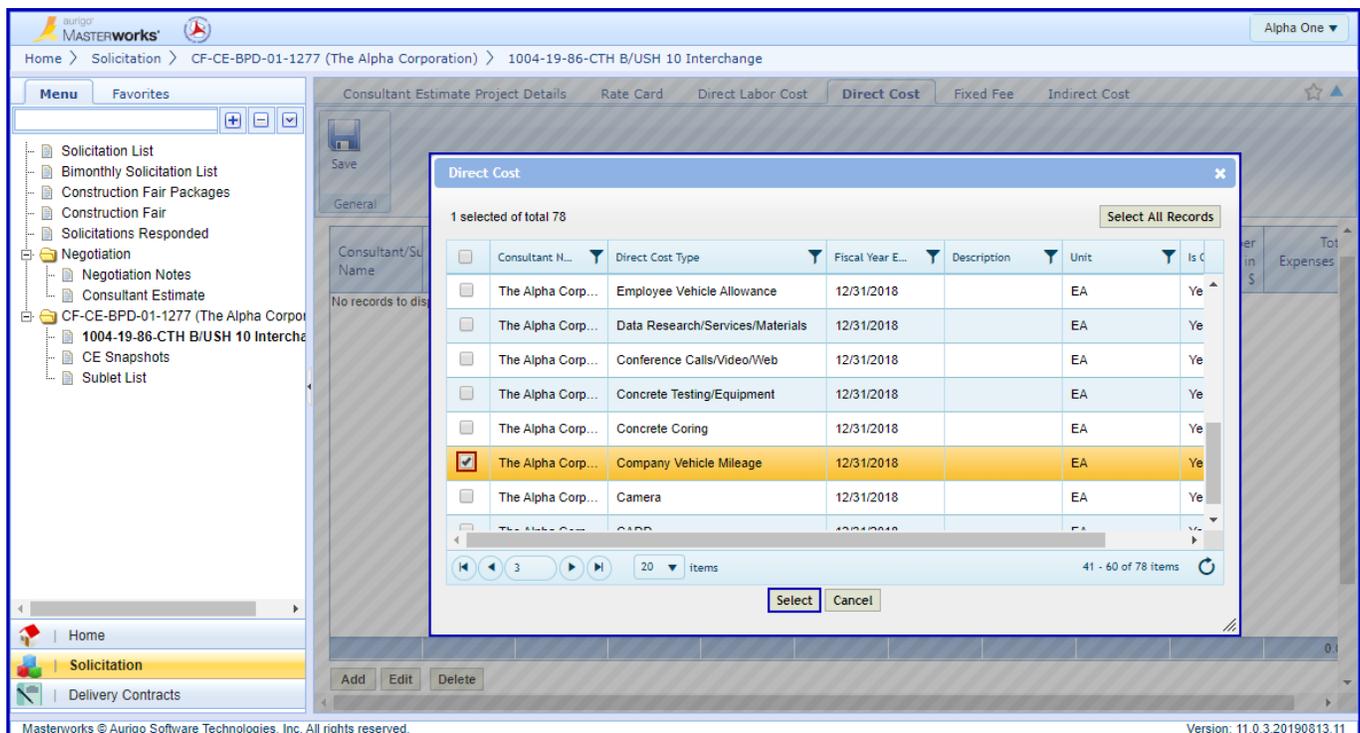
Click on one of the direct types so that it turns orange and click **Edit**.

Enter an additional **Description**. **For If Authorized** defaults to No, this should not be changed unless it will be part of a future contract authorization. Select a **Basis of Payment**. Enter the estimated **Quantity** of the item and the **Rate (per quantity)**. Click **Save**.

The basis of payment for direct costs should match the basis of payment for direct labor cost.

After all items have been completed click **Save**.

3.5 Fixed Fee

Click on the Fixed Fee tab to review the amount of fixed fee included in the contract. There is no user entry on this screen. For Specific Rate fixed fee is added to the labor rate; no fixed fee cost will display here.

3.6   Indirect Cost

Click on the **Indirect Cost** tab to review the indirect cost added to the contract. For Specific Rate indirect cost is added to the labor rate; no indirect cost will display here.
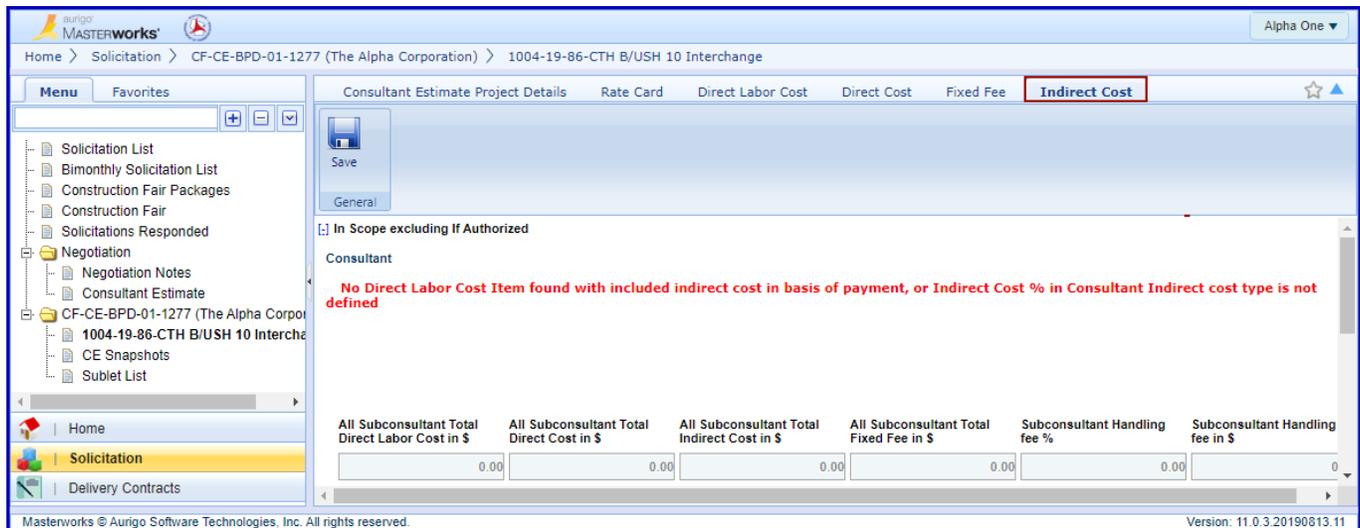
3.7   Publishing the Estimate

3.7.1   Accepting Subconsultant Negotiations

If any sublets have been made, the higher tier consultant must accept before the negotiation may be published back to WisDOT.

Click on **Sublet List** in the left navigation pane. Check the box next to the negotiation. Click on **Select Actions** and **Negotiation Completed** to accept the subconsultants estimate. If revisions are needed choose **ReDraft** and then click on **Select Actions** and **Scope Finalized**.
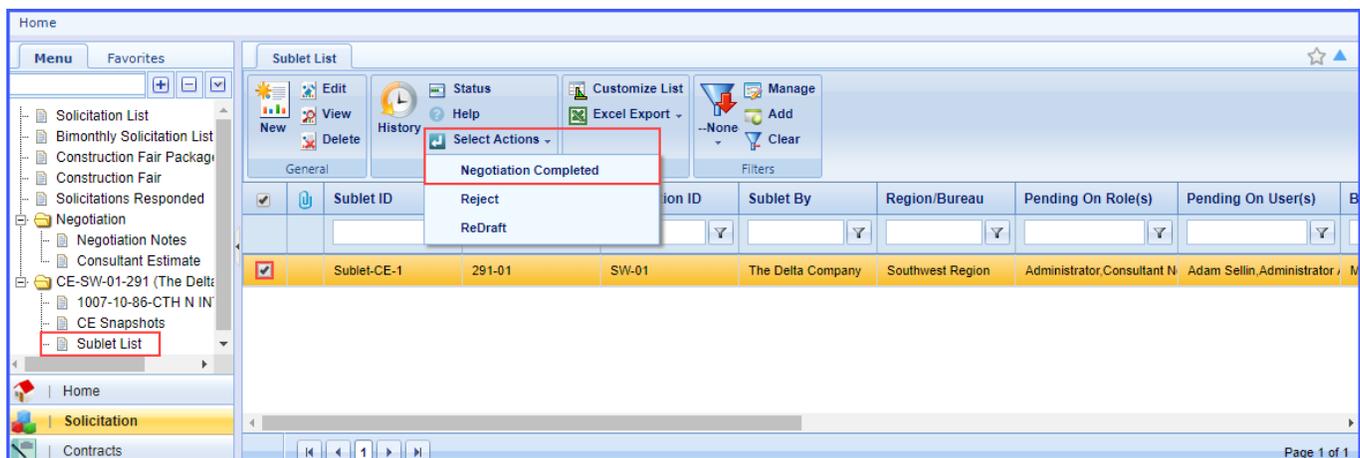
Click **OK** on acknowledgement screen.
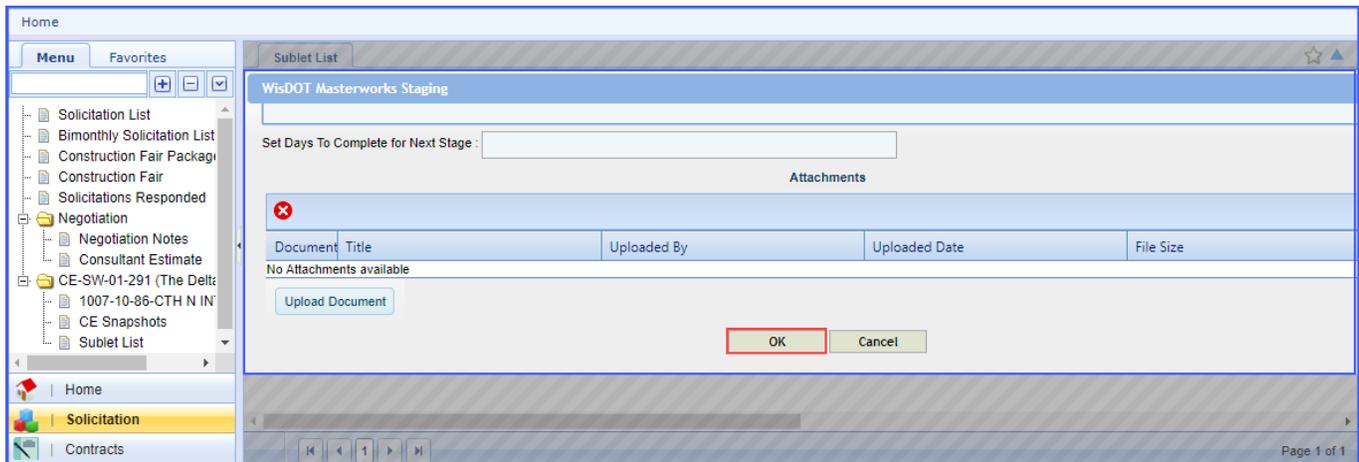
3.7.2   Publishing the Prime's Estimate

After reviewing project costs click on **Consultant Estimate** in the left navigation pane. Check the box next to the negotiation. Click **Select Actions** and then click **Publish**. This returns the negotiation to WisDOT and moves the process forward. Selecting ReDraft will return the negotiation to WisDOT for revisions.
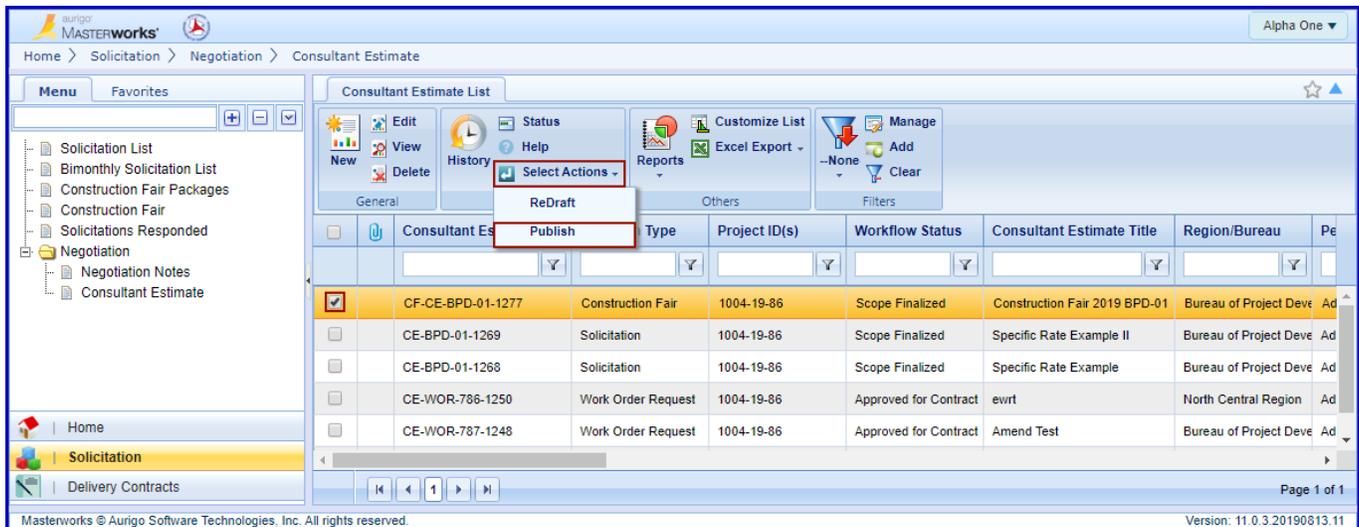
Click **OK** on the acknowledgement screen.
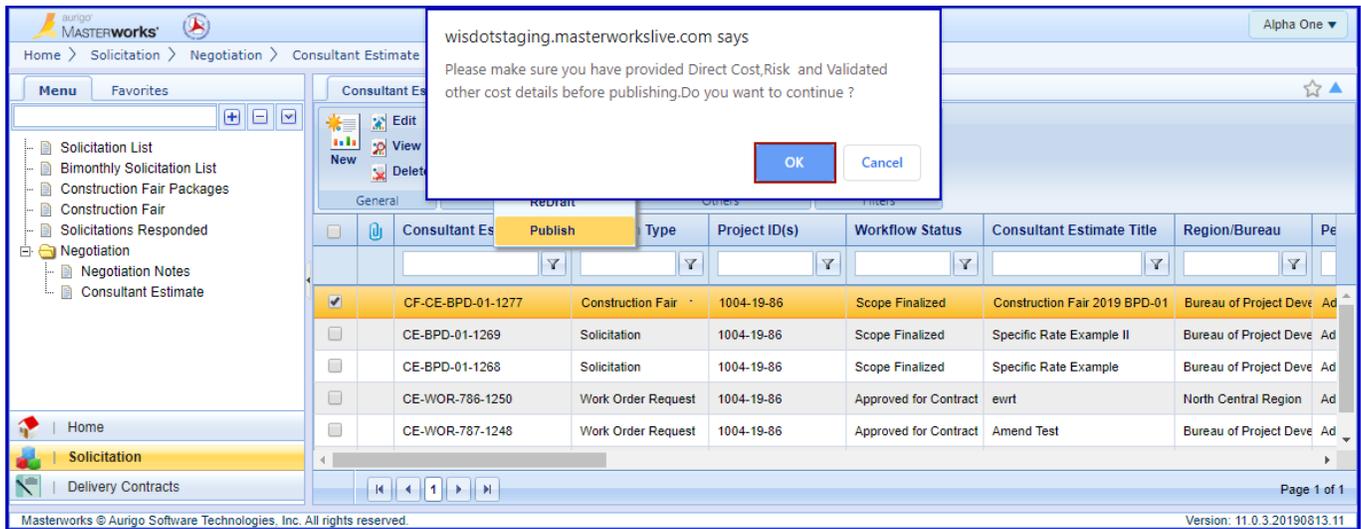
3.7.3   Publishing a Sublet

After reviewing project costs click on the **Sublet List** link in the left navigation pane. Check the box next to the negotiation. Click **Select Actions** and then click **Publish**.
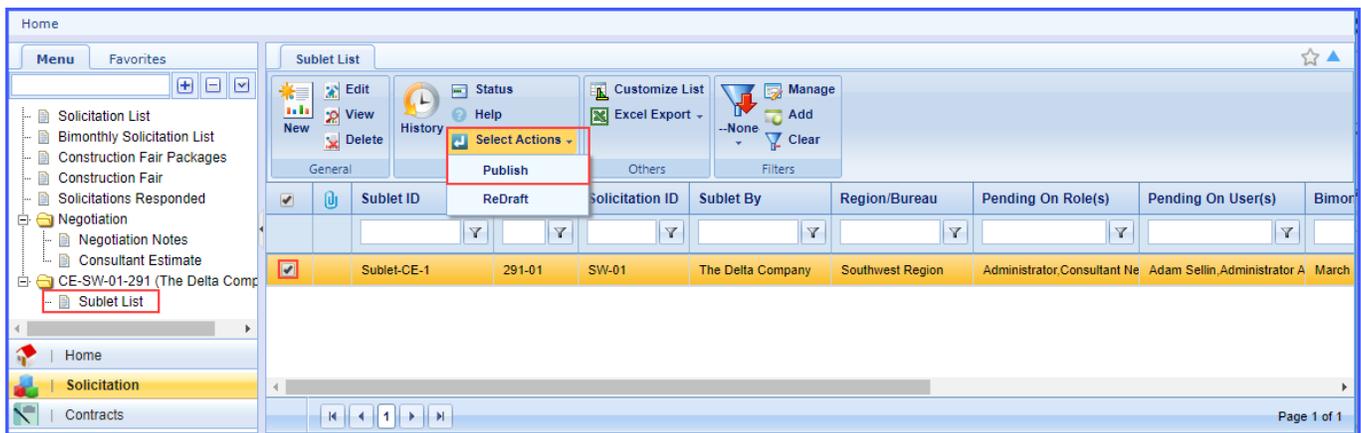
Click **OK** on the warning message that appears
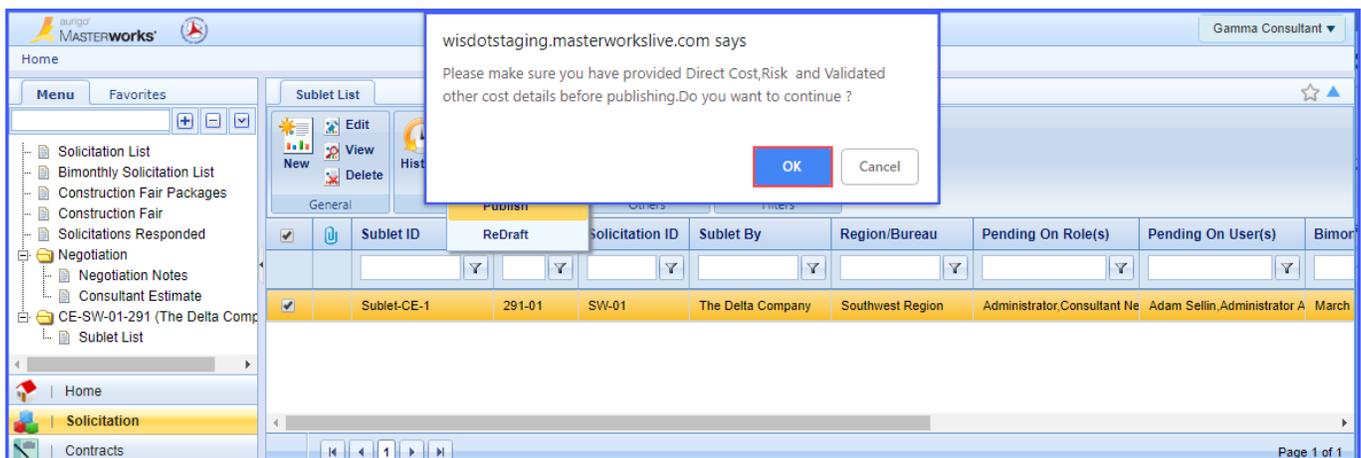
Click **OK** on the acknowledgement screen.
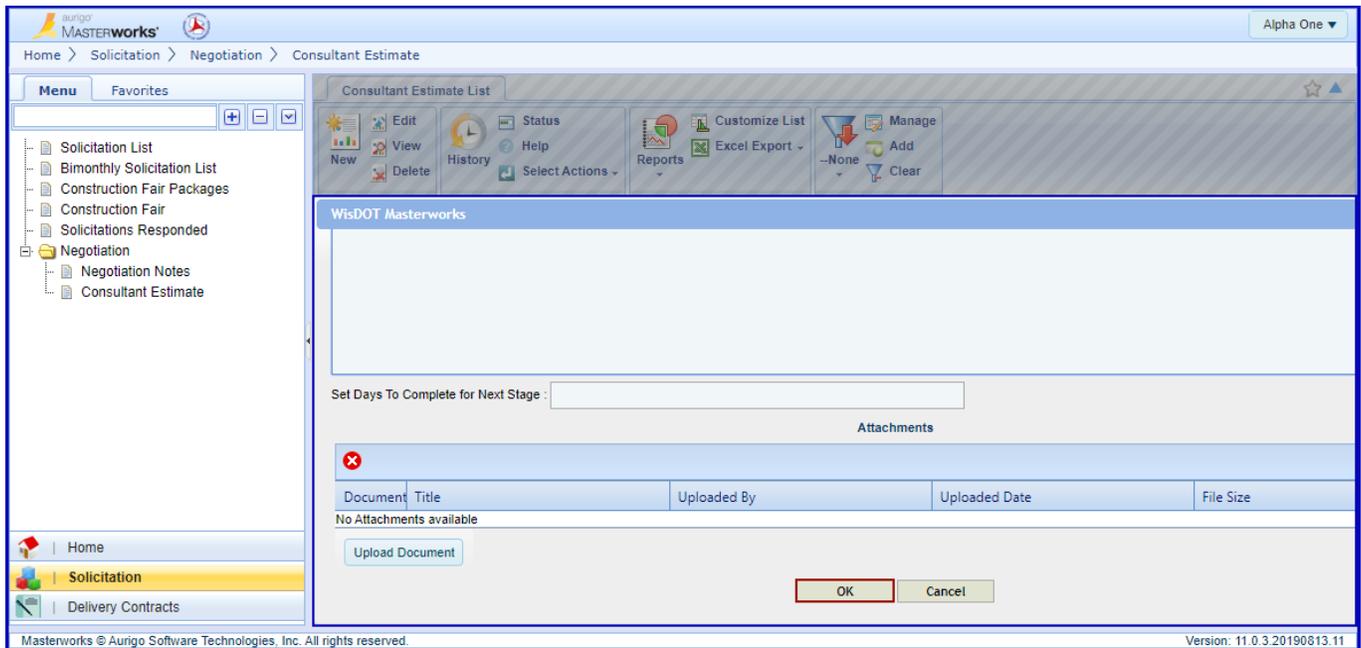
The negotiation has now been returned to WisDOT. Please let your WisDOT contact know the estimate is ready for review.

4   Review Estimate – WisDOT

After the consultant has published the estimate, WisDOT may begin its review.

4.1   Negotiation Reports

To view reports, navigate to the solicitation module. Click on Consultant Estimate. Check the box next to the negotiation. Click on the Reports button and select one of the reports form the menu.

- The Full Negotiation Report contains all negotiation information.
- The Details Report contains a summary of prime consultant costs.

4.2   Reviewing Estimate Costs

Navigate to the **Solicitation** module, expand the **Negotiation** folder in the left navigation and clicking **Consultant Estimate**. Check the box next to the negotiation and click **View**.

A summary of costs is displayed. The total cost now includes the cost of subconsultants.

To view more detailed information, expand the folder in the left navigation and click on the link with the project ID. Click through the tabs on the top of the screen to see more details.

4.3   Returning the Negotiation for Revision

If the consultant needs to make changes to the estimate navigate to the Consultant Estimate list page. Check the box next to the negotiation and click **Select Actions** and **Reject.**
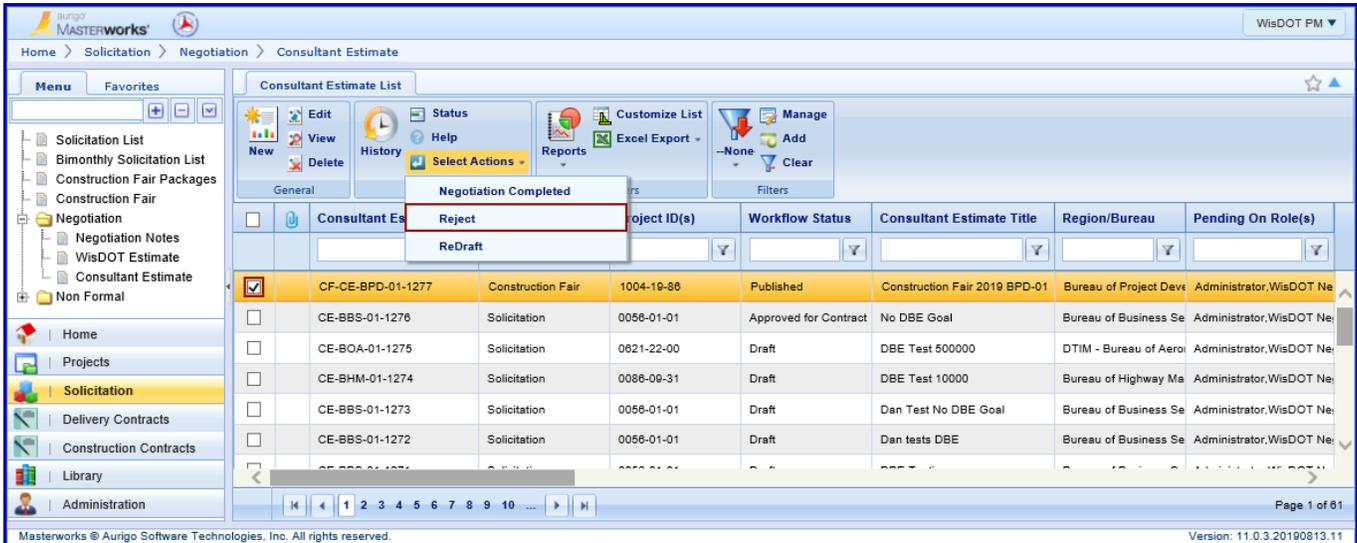
Enter a short comment in the Notes section of the acknowledgement screen to indicate changes that need to be made. More detailed discussions may occur outside of Masterworks. Click **OK** on the acknowledgement screen.
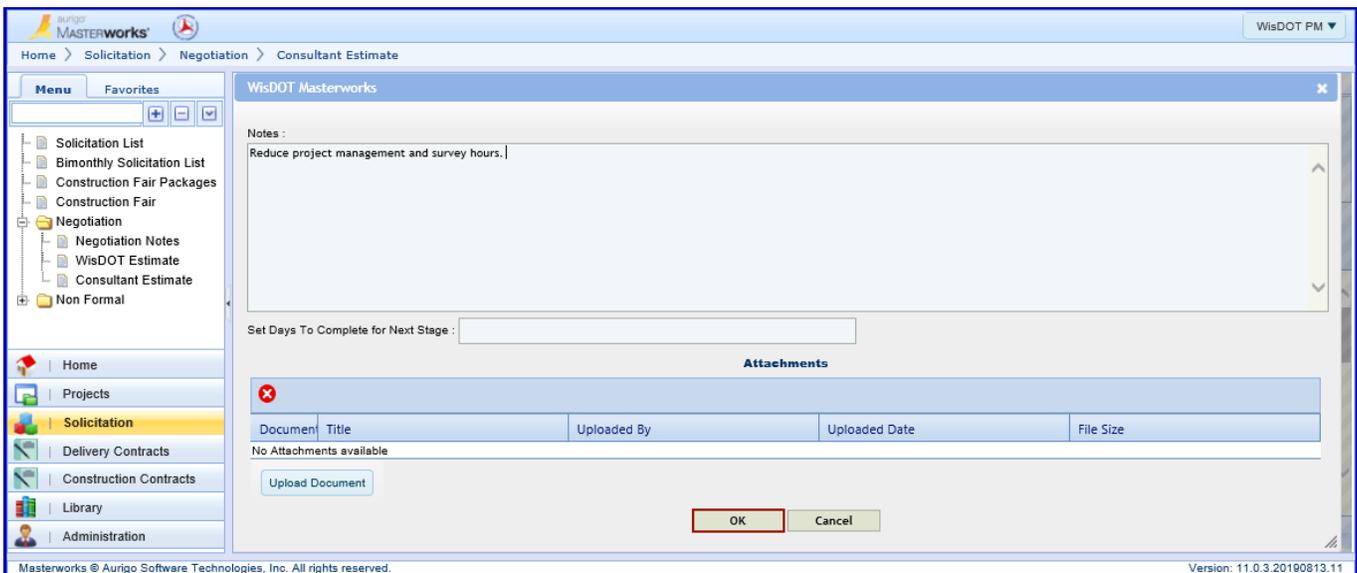
The negotiation has now been returned to the consultant for revisions. Contact the consultant to discuss changes.

5   Revising the Estimate – Consultant

To begin revising the estimate check the box next to the negotiation and click **Edit**.
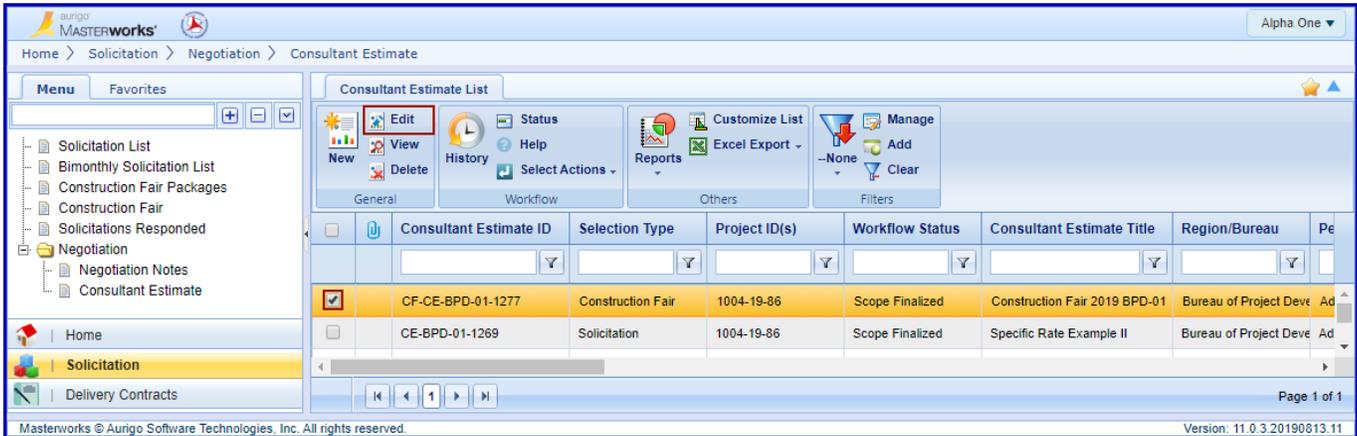
Change may now be made to the Rated Cards, Direct Labor Cost and Direct Cost. Revise the Estimate using the steps outlined in Section 3: Consultant Estimate – Consultant
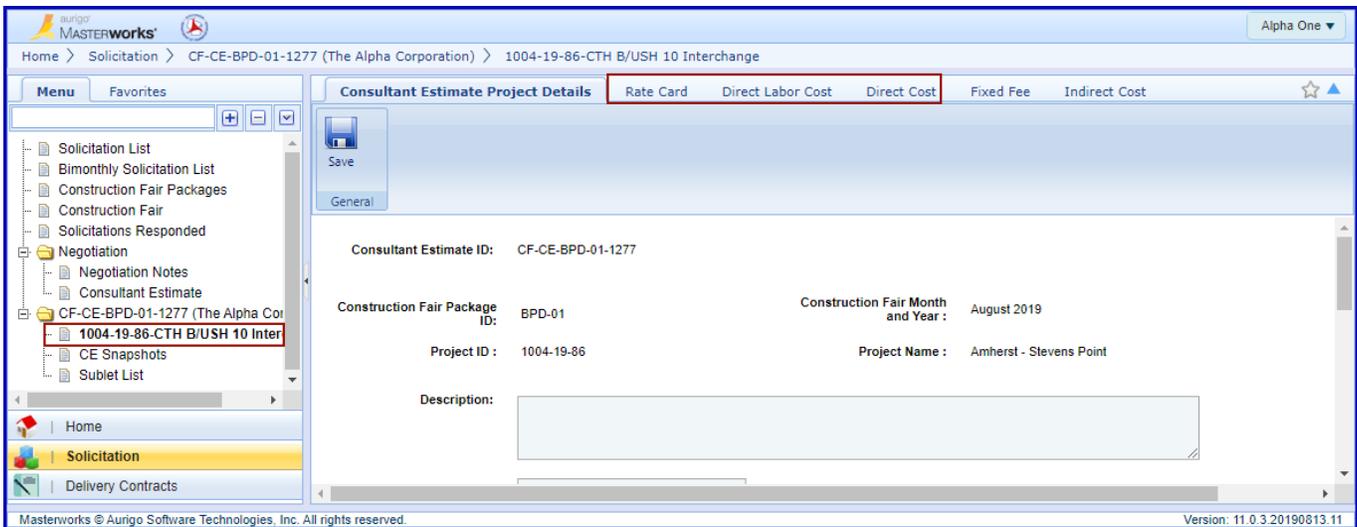
If the Rate Card(s) need to be modified select and Unmark as Final to edit. Mark as Final when edits are complete.

If the Direct Labor Cost needs to be revised, click Unmark Final before making changes.

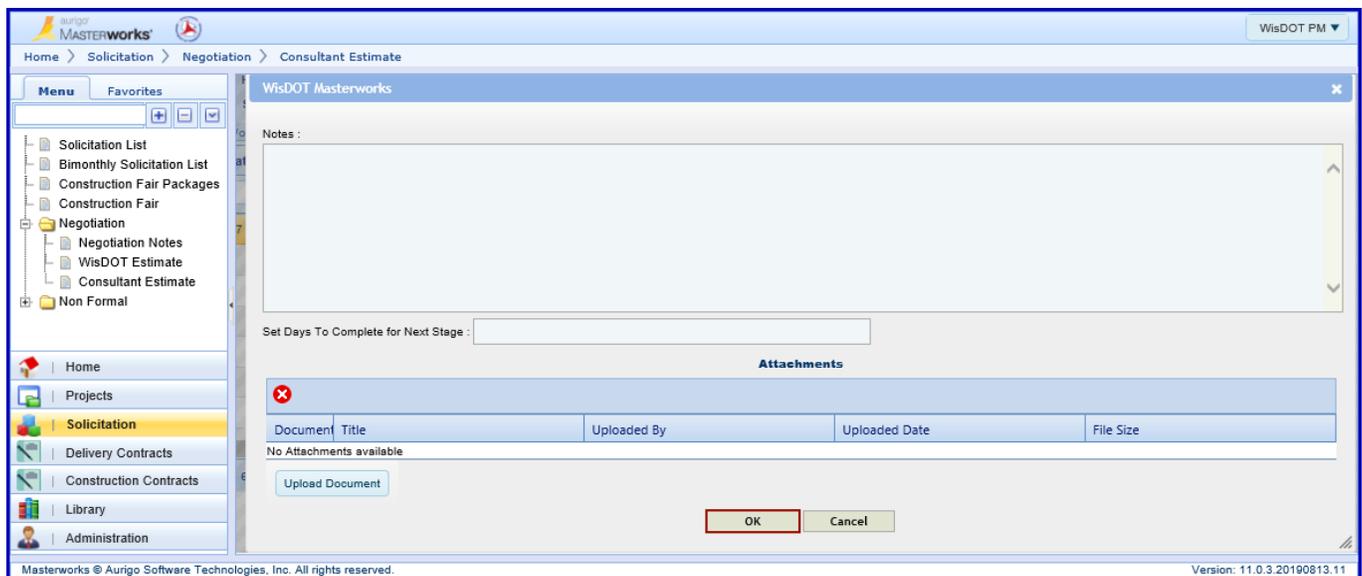Publish back to WisDOT as previously outlined.

6   Complete Negotiation – WisDOT

After the final price has been agreed to the negotiation needs to be completed.

From the Consultant Estimate list page use the checkbox to select the negotiation. Click on **Select Actions** and **Negotiation Completed**.
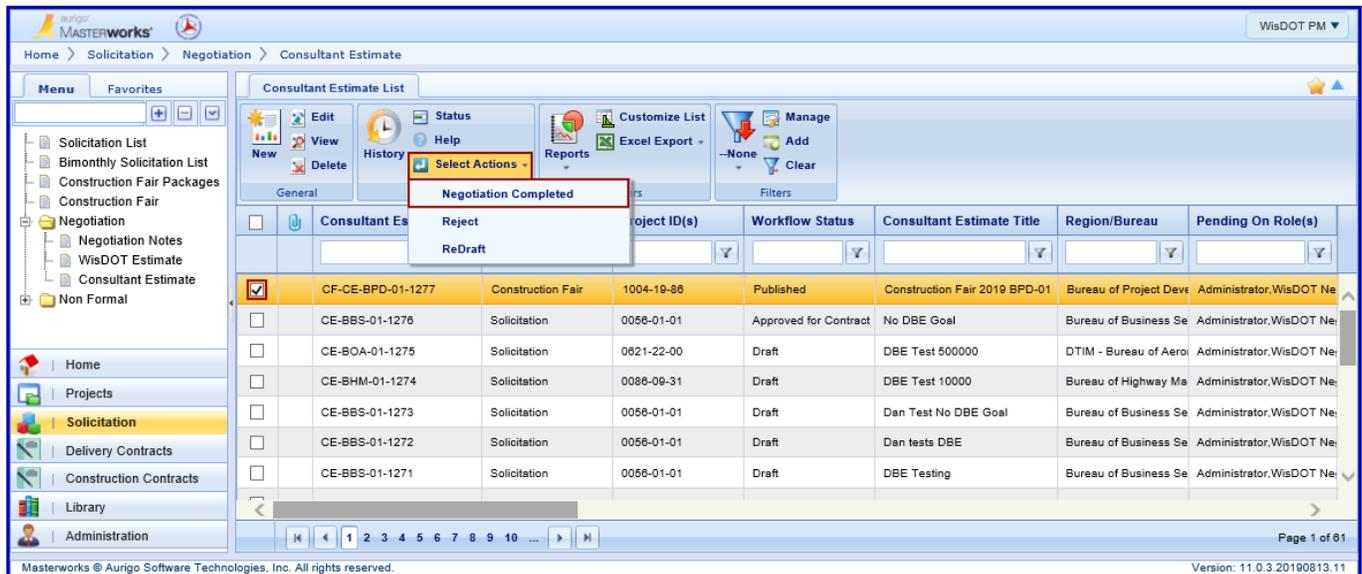
Click **OK** on the acknowledgement screen.

From the **Consultant Estimate** list page use the checkbox to select the negotiation. Click on **Select Actions** and **Approved for Contract**.

Click **OK** on the acknowledgement screen.

7   Create a Contract – WisDOT

To create a new contract, click on the Delivery Contracts module. Expand the Contracts folder in the left navigation pane and click on the type of contract to be created. Master Contracts are created only by Central Office. Regular Contracts include contracts from bimonthly solicitations, construction fair, small purchase and sole source.   Click on the **New** button.
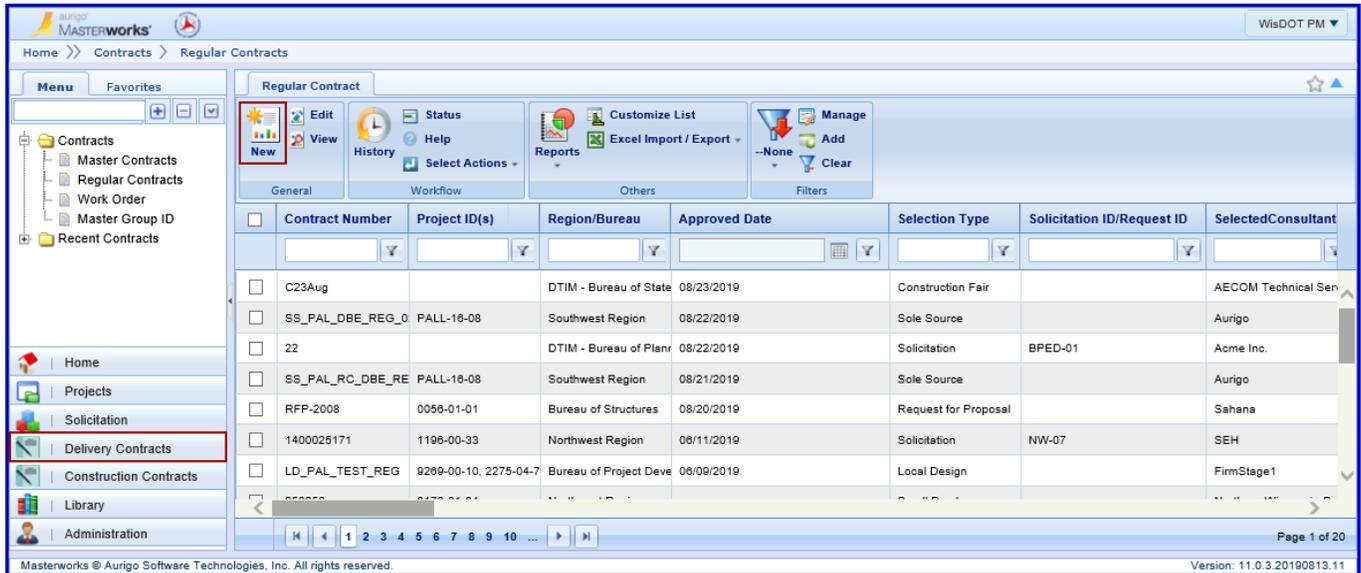
Choose the **Selection Type.**
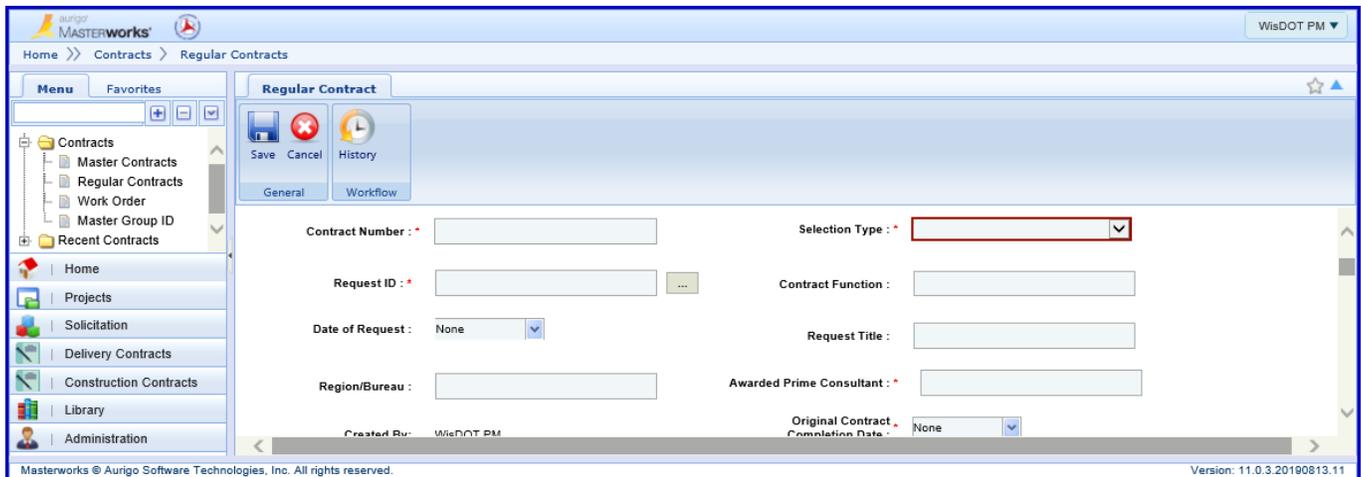
Fill in the fields with the required information. Enter the **Contract Number** from CARS. Use the ellipses to select the **Construction Fair Title**. Use the ellipses to select the Construction **Fair Package ID**. Use the ellipses to select the **Awarded Prime Consultant**. Add the **Original Contract Completion Date**. Select Regular as the **Type of Contract**. Add the Account Code to the projects table.

Type a short Description of Services. Add the WisDOT Representative and Consultant Representative.

Add Standard Provisions and Special Provisions. Click Submit for Consultant Review to send it to the consultant to review.
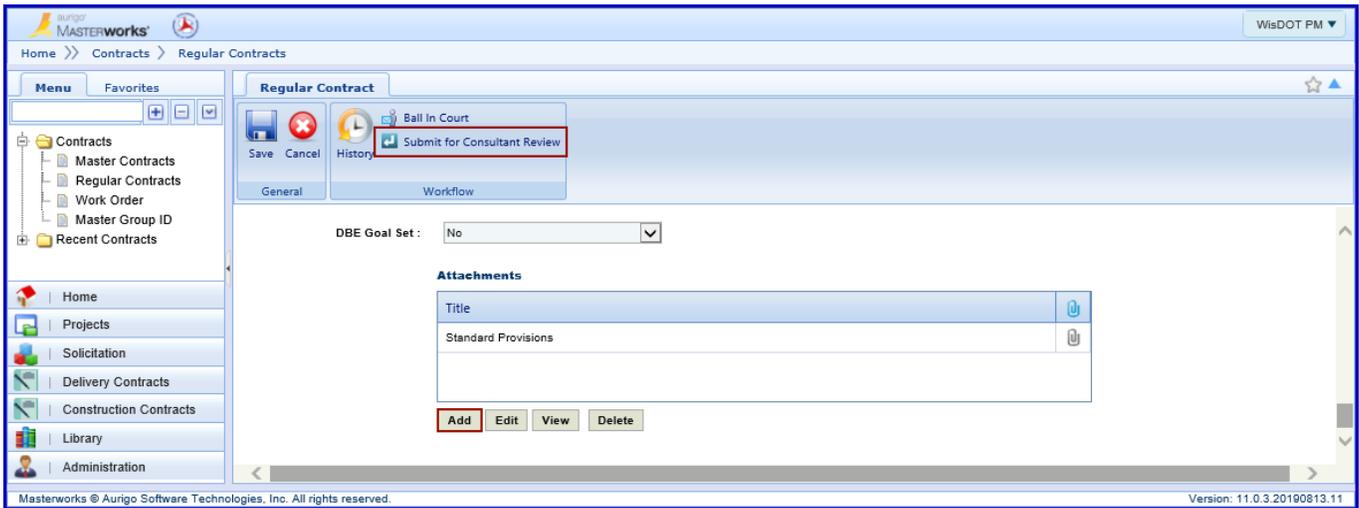

Click OK on the acknowledgement screen.
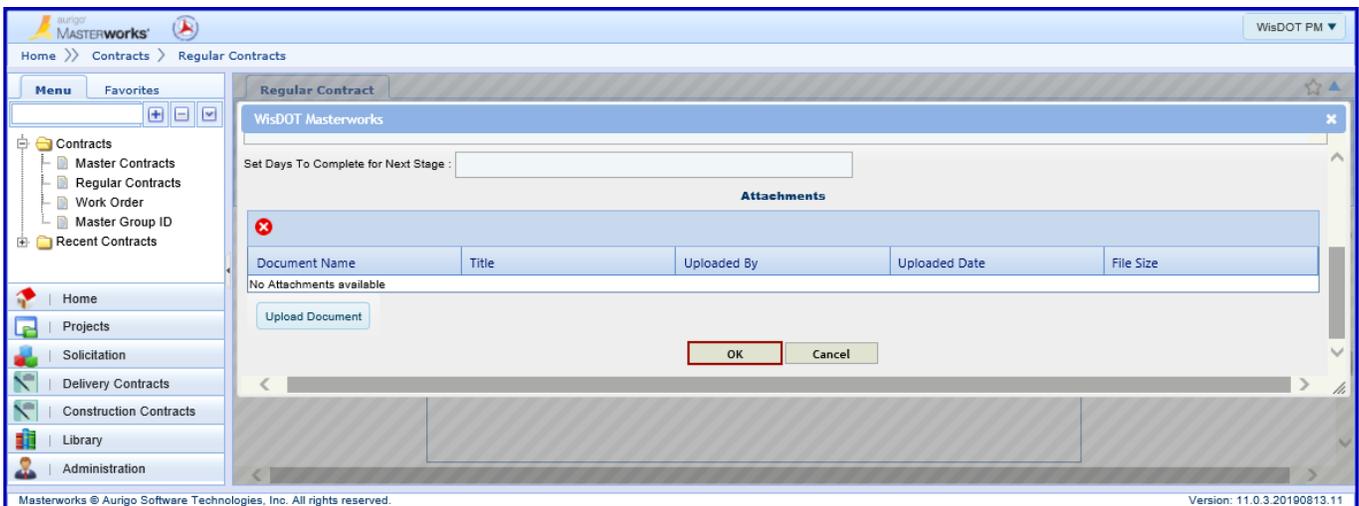
8   Review Contract – Consultant

Navigate to the **Delivery Contracts** module and expand the folder **Contracts** which contains four links: **Master Contracts** to view master contracts, **Regular Contracts** to view contracts from bimonthly and construction fair solicitations and small purchase and sole source requests and **Work Order** to view work orders. Consultants cannot view the Master Group ID link.
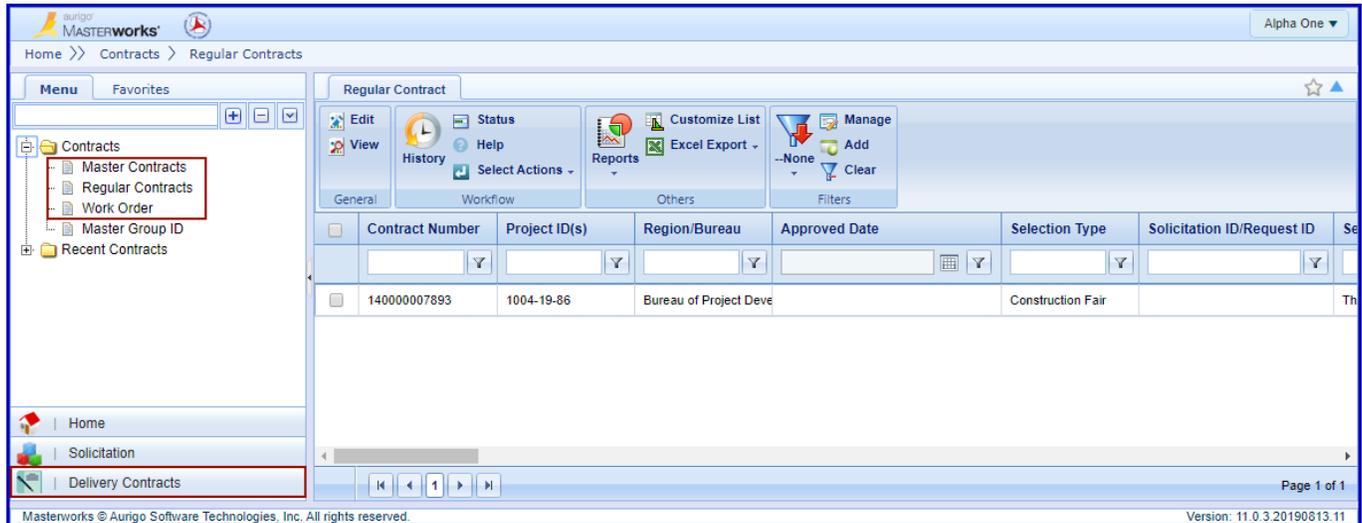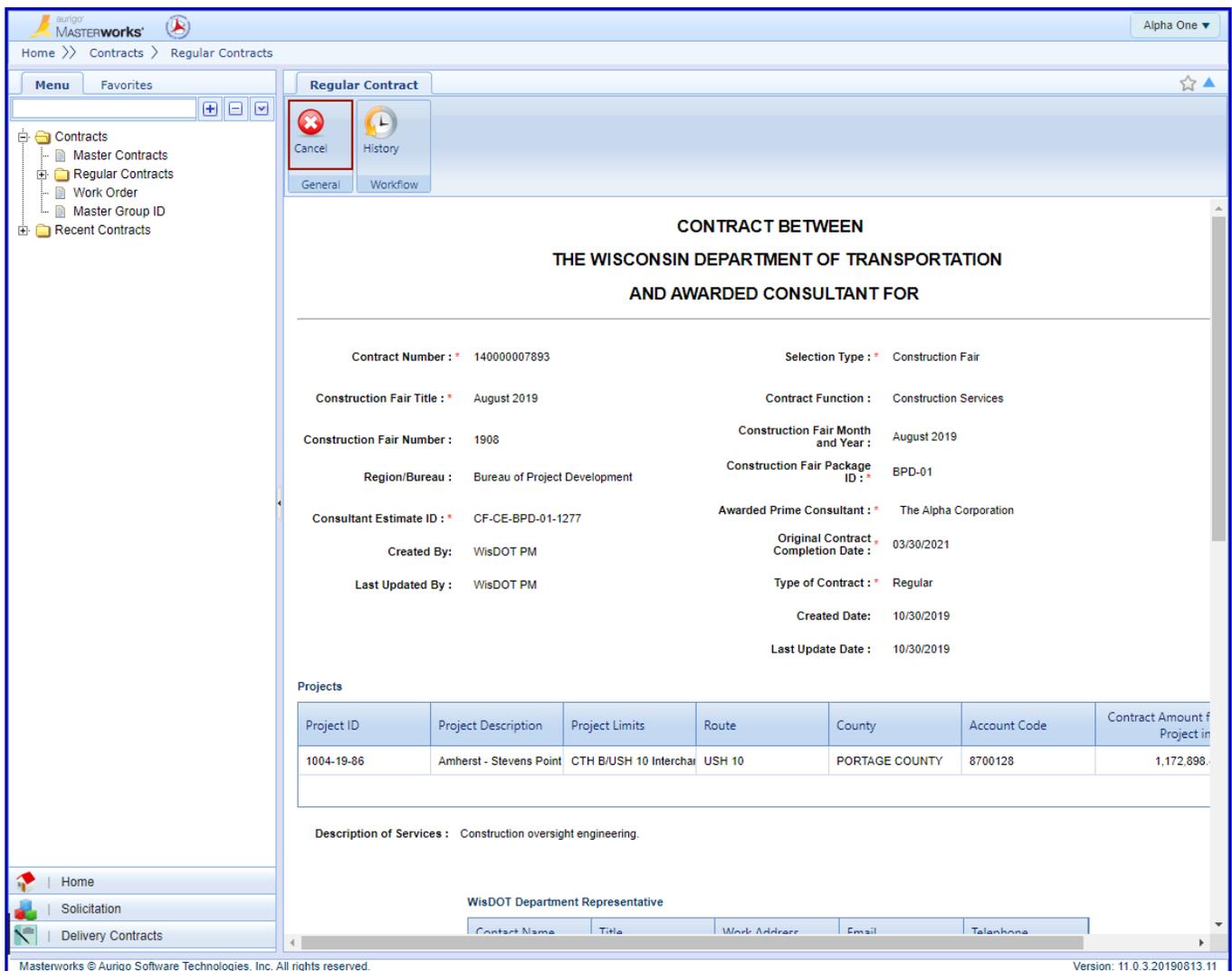

Contracts/Work Orders requiring consultant approval have a **Workflow Status** of "Submitted for Consultant Review."
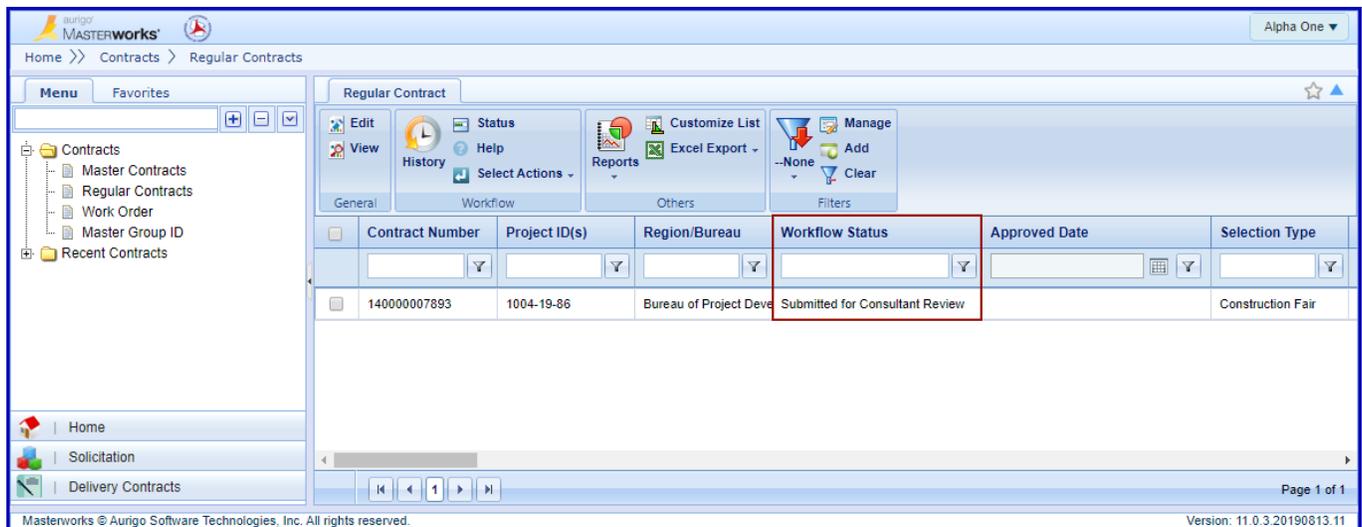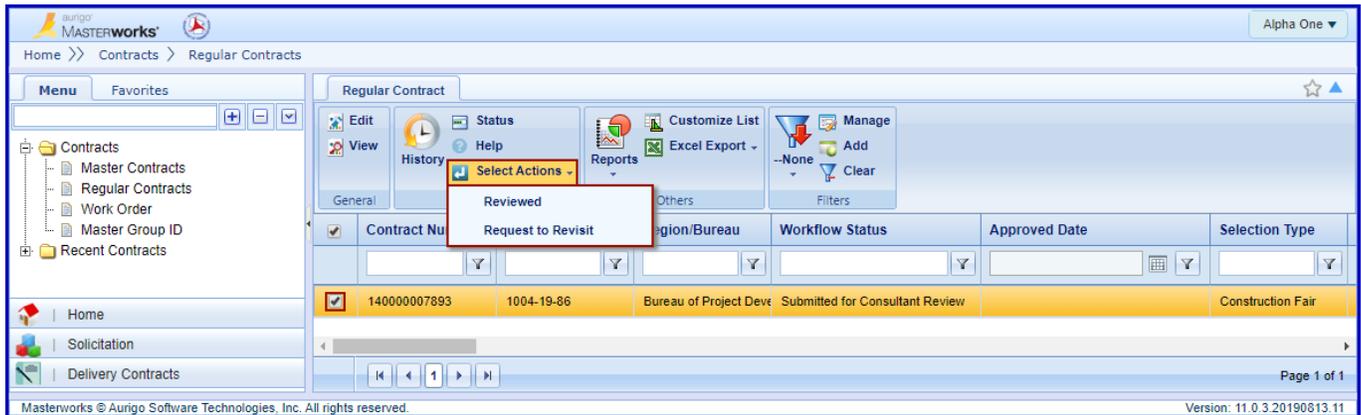
To view the contract, check the box next to the contract and click **View**.
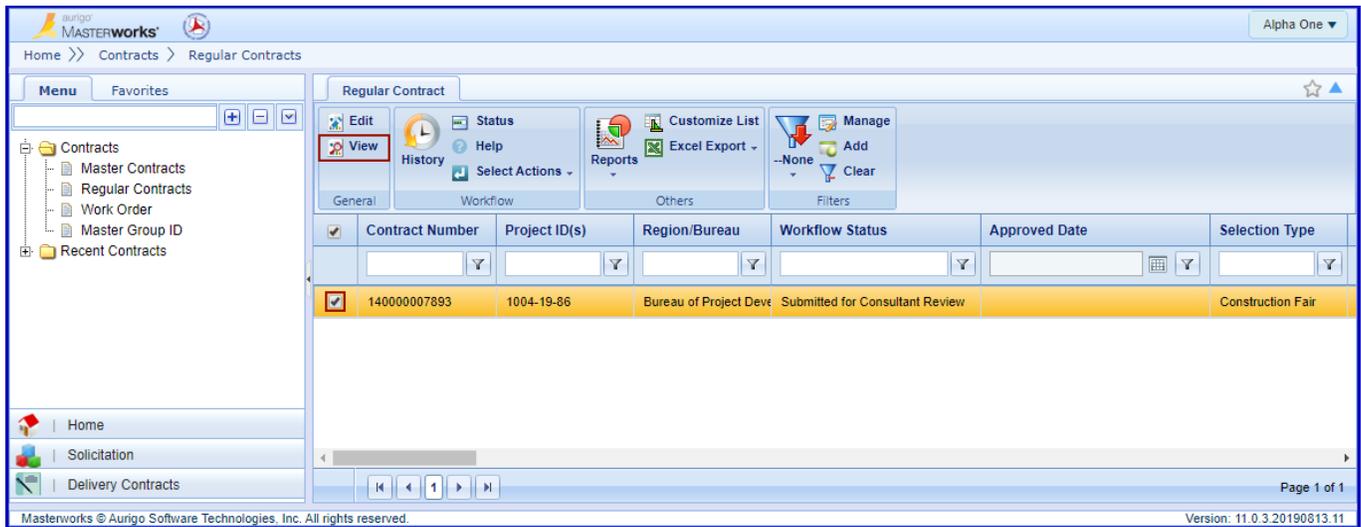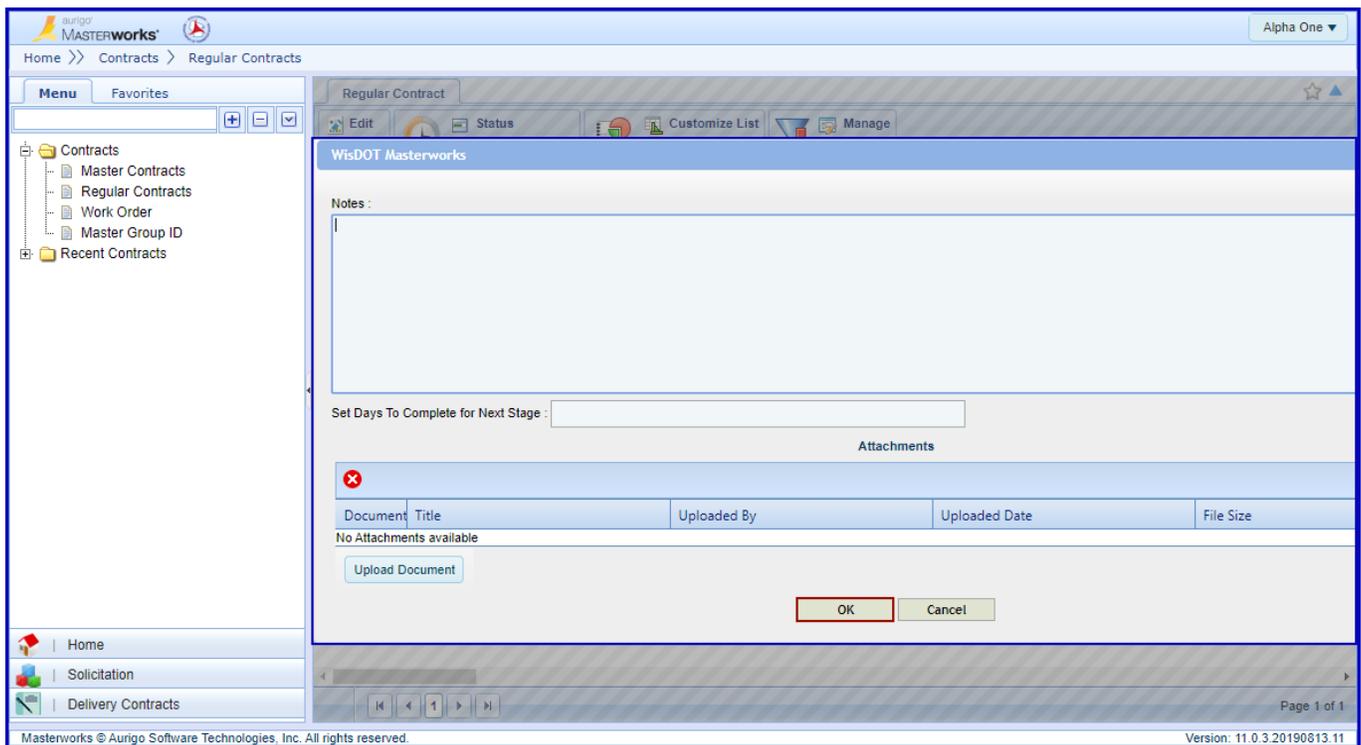

Review the contract. Click **Cancel** to return to the list page.

Check the box next to the contract and click **Select Actions**. Clicking **Reviewed** will approve the contract. Clicking **Request to Revisit** will send it back to WisDOT for revisions.
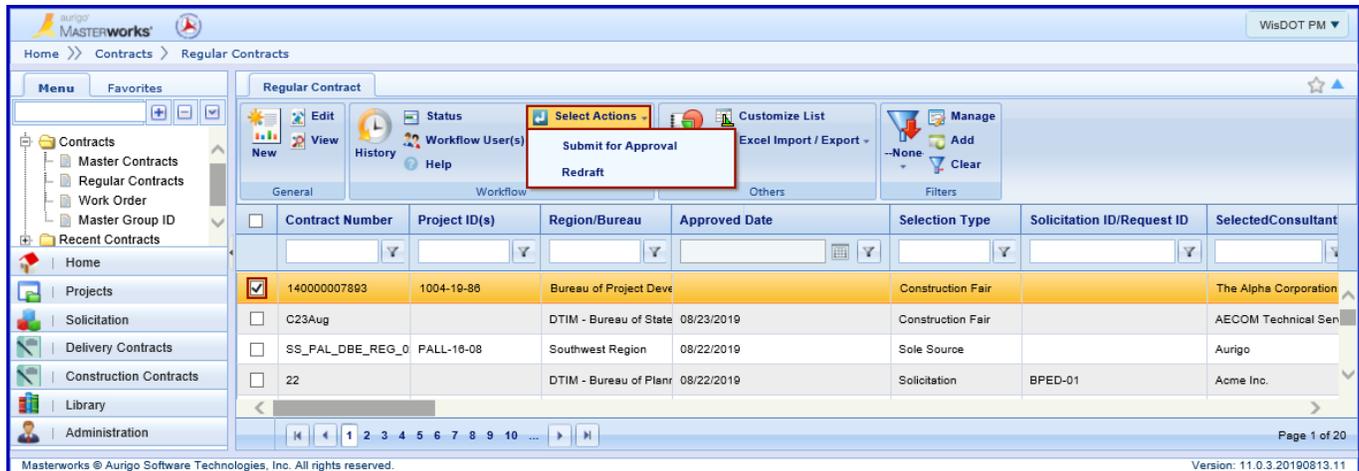

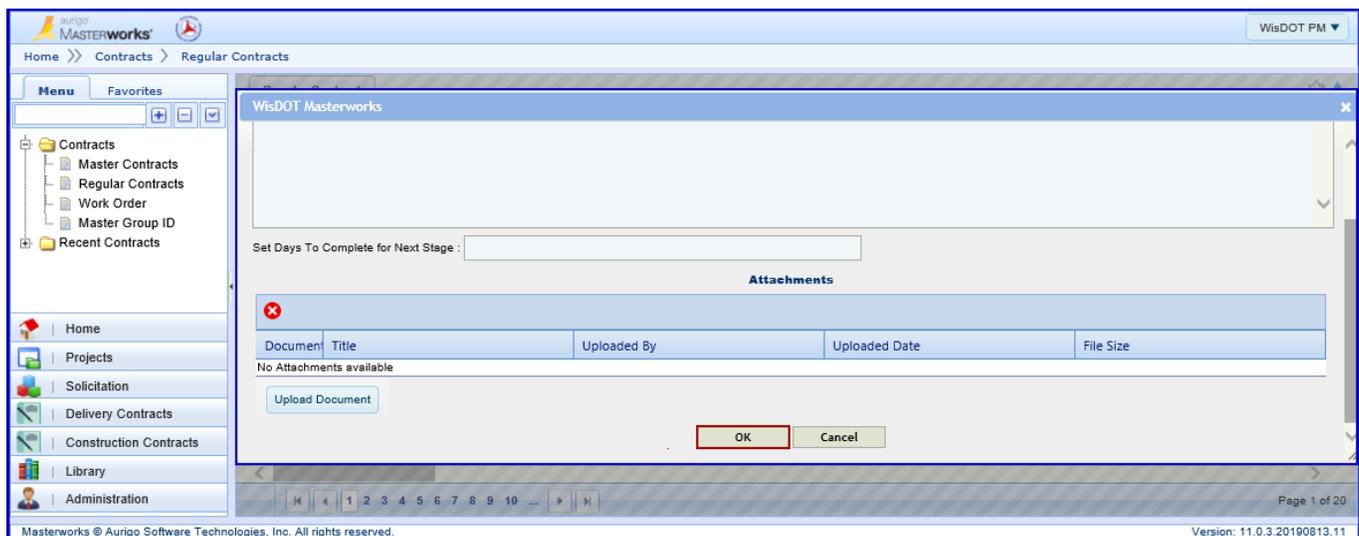Click **OK** on the acknowledgment screen.

9   Submit Contract for Approval - WisDOT

After the contract has been approved by the consultant check the box next to the contract and click **Select Actions**. Click **Submit for Approval** to send the contract for approval in Central Office. Click **Redraft** if changes need to be made to the contract.

Click **OK** on the acknowledgement screen.

After clicking Submit for Approval send a completed DT25 to Diane Phaneuf.