

Annual Consultant/CoSA Seminar

**Partnering for Success**  
City of San Antonio Horizontal Projects

**Successful Fee Negotiation**

D. Wayne Klotz, P.E., D.WRE  
klotz  associates

City of San Antonio and  
PEPP/SACEC  
January 28, 2011

**Contract Negotiation**

**What is the first step of negotiation?**

- Client Meeting

klotz  associates

# Contract Negotiation

## Who should attend?

- Project Manager
- Sponsor
- Authority

**Never more than 3**

klotz  associates

# Contract Negotiation

## What should you learn?

- Project Definition
- Project Goals
- Schedule
- Contract Type / Form
- Owner Team
- Construction Cost
- Special Issues
- Target Fee

**Never leave a client meeting with unanswered questions.**

klotz  associates

# Contract Negotiation

What is the first step once contract form settled?

- Read It

# Contract Negotiation


What clauses are critical?

- Scope of Work
- Compensation
- Duties of Parties
- Indemnification
- Insurance
- Termination
- Dispute Resolution

# Contract Negotiation

## How do you develop your scope and fee?


- Site Visit
- Prepare Sheet Listing / Outline
- Develop Detailed Task Listing by Phase
- Create reasonable hourly budget by task, by classification
- Develop direct cost budget
- Add profit
- Add all costs
- Add a contingency
- Get approval

klotz  associates

# Contract Negotiation

## How do you check for reasonable fee?

- Owner guidelines
- Historical guidelines
- Percentage
- Past projects
- Owner fee budget

klotz  associates

# Contract Negotiation

## What do you show client with proposal?

- Sheet listing / outline
- Detailed task listing
- Basic Services Fee
- Additional Services Fee


# Contract Negotiation

## # 1 Rule:

• **NEVER LET NEGOTIATIONS FAIL**

# Contract Negotiation

# Questions?

klotz  associates