

Chapter 2: Designer Agreements and Payments

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2.1 STANDARD FORMS OF AGREEMENT

The standard forms of agreement between Owner and Designer used by The University of Tennessee under authority of the State Building Commission are as listed below. Example forms of agreement are provided in Appendix 1.

1. SBC-6 Agreement Between Owner and Designer.
2. SBC-6a Terms and Conditions for Agreements Between Owner and Designer.
3. SBC-6s Standard Form of Supplement to an Agreement Between Owner and Designer.

2.2 STANDARD FORM OF AGREEMENT BETWEEN OWNER AND DESIGNER

- A. Owner Initiation: The Owner will inform the Designer of selection as Designer for the Project and request completion of a Designer Information Form shown in Appendix 1. The Owner will prepare the Agreement utilizing project information and information the Designer provides on the form. The Owner will transmit the prepared Agreement to the Designer with attachments. Listed below are additional comments on portions of the Agreement prepared by the Owner.
 1. Project information on the Agreement corresponds to the project information approved by the State Building Commission.
 2. Design Phases to be completed for the Designer's Basic Services correspond to those authorized by the State Building Commission. Design Phases are defined in the Terms and Conditions.

3. The Designer's Basic Services are most often compensated by a Lump Sum Fee calculated as a percent of the Maximum Allowable Construction Cost (MACC) in accordance with the formula provided in the Terms and Conditions. Example calculations for a Lump Sum Fee for Basic Services are provided below. Calculated fee amounts are rounded to the nearest dollar.

New Construction Project: \$2,000,000 MACC
Fee Percentage: $35 / (\log (\$2,000,000) - 1.15) = 6.795\%$
Fee: $\$2,000,000 \times 0.06795 = \mathbf{\$135,895.00}$

Renovation Project: \$1,000,000 MACC
Fee Percentage: $35 / (\log (\$1,000,000) - 1.15) = 7.216\%$
Fee: $\$1,000,000 \times 0.07216 \times 1.25 = \mathbf{\$90,206.00}$

4. When the Designer's compensation for Basic Services is by a Multiple of Direct Expense with a Not to Exceed Maximum Fee, the maximum amount is normally not more than the calculated Lump Sum Fee.
5. Only the Principal(s) can act for the Designer in execution of the Agreement and subsequent modifications. The Principal(s) receive no more than the hourly compensation at the Principal's rate shown on the Agreement.
6. In accordance with the Office of the State Architect policy, as a supplement to its Designer Selection Process Policy, all Designers selected for the performance of design services on any SBC approved project shall, prior to the performance of any of design services, furnish to the State, in form and substance acceptable to it, a certificate of insurance verifying that the Designer has Professional Liability Insurance Coverage in place in the minimum amount of the lesser of One Million Dollars or the amount stated in any Request for Qualification, Request for Letters of Interest or direct solicitation.

Please show the following as the Certificate Holder:
The University of Tennessee
Division Facilities Planning
5723 Middlebrook Pike, Suite 119
Knoxville, TN 37996-0040

In the Certificate's text box that is available for comments show the Project Title and SBC Number.

7. The Owner will determine the appropriate days of service required and fill in the Schedule information for each Design Phase, described in paragraphs 1.1.2 through 1.1.8.3 of the Terms and Conditions for Agreement between Owner and Designer. The number of calendar days, is filled in, thus setting the deadline for each Phase in terms of calendar days after receipt of the fully signed copy of the Designer's Agreement.
- B. Completion by the Designer: Complete Agreement and attachments as described below and return them to the Owner.
1. Designer Signature on Agreement and Exhibit A Counterparts: The Agreement and the corresponding Exhibit A shall be signed by an individual legally empowered to bind Designer to Contract, and listed in 1.3 of the Agreement. If a joint venture, an authorized individual of each firm shall sign.
 2. Designer Professional Liability Certificate of Insurance: Attach to the Agreement a certificate or certificates showing the names of insured, producer, and carrier(s),

coverage complying with Article 3 of the Agreement, the Owner as certificate holder, and the customary stipulation of notice in the event of change or renewal. When the Designer is a Joint Venture, certificates shall recognize the Joint Venture relationship, and the limit of liability for each firm in the Joint Venture shall not be less than the required total limit divided by the number of firms. Values of all limits and deductibles need to be given in like units. The Designer shall send renewed insurance certificates throughout the duration of the project.

3. Designer W-9 form with Minority Status form: If requested by the Owner the Designer will need to provide a completed W-9 / Business Classification and Vendor Payment Selection form.

C. Execution by the Owner:

1. Owner Signatures: The Owner secures the required Owner signatures.
2. Review and Approval: The Owner transmits the Agreement to the State Architect or his designee for review, approval signature, and date. One fully signed copy is returned to Designer.

2.3 STANDARD FORM OF SUPPLEMENT TO AN AGREEMENT

The Standard Form of Supplement is used for modification of an Agreement. The Supplement is processed in a manner similar to the Agreement; it is initiated by the Owner, completed by the Designer, signed by the Owner, and then signed by the State Architect. Additional information on Agreement modifications by a Supplement is provided below.

1. Part A: Part A provides revisions to Article 1 of the original Agreement including changes in Scope, design principals, consultants, and phase duration.
2. Part B: Part B provides information on revisions of the MACC and compensation to the Designer cumulatively established by the original Agreement, prior Supplements, and this Supplement.
3. Part C: Part C provides the amount of professional liability insurance coverage required by the Owner for the project including this Supplement. The Designer shall attach updated insurance certificates. New certificates shall be required if prior certificates have expired.
4. Part D: Part D provides for other revised terms and conditions by the Owner.

2.4 ADDITIONAL SERVICES PROVIDED UNDER AGREEMENTS

Additional Services may be provided by the Designer to the Owner under the previously executed Agreement in accordance with the Terms and Conditions. Additional Services require written Owner approval prior to the time the Additional Services are rendered. The Owner's written approval is typically made in response to the Designer's written proposal for Additional Services. All invoices for these services shall be submitted prior to final billing for Basic Services.

Further definitions of this service can be found in the Terms and Conditions for Agreement Between the Owner and Designer.

2.5 REIMBURSABLE EXPENSES INCURRED UNDER AGREEMENTS

In accordance with the Terms and Conditions, Reimbursable Expenses incurred by the

Designer may be submitted to the Owner for payment. For Designer provided documents, the Designer should seek number of document sets required for each submittal showing progress or work prior to submission. Bidding document printing does not require prior Owner approval. All other Reimbursable Expenses require the Owner's prior approval.

Further definitions of this service can be found in the Terms and Conditions for Agreement Between the Owner and Designer.

2.6 PAYMENTS TO DESIGNERS

- A. Executed Agreement Receipt Prior to First Invoice: No invoice shall be submitted before the Designer's receipt of the fully executed Agreement from the Owner.
- B. Separate Invoices: Separate invoices are required for the following services and expenses.
 - 1. Basic Services.
 - 2. Additional Services.
 - 3. Reimbursable Expenses, with a separate invoice for each separately approved reimbursable service.
 - 4. Travel Expenses, with separate detail information for each traveler.
 - 5. Pass-Through Costs.
- C. Essential Invoice Components: Each invoice shall include the following.
 - 1. The invoice date.
 - 2. A unique invoice number.
 - 3. The Designer's name.
 - 4. The Designer's remit to address.
 - 5. The Project title as shown on the Agreement.
 - 6. The Project SBC Number as shown on the Agreement.
 - 7. Extent of services provided thus far.
 - 8. Differentiate portions of the project which are progressing on different timetables or are subject to separate approvals.
 - 9. Amount invoiced to date from all prior invoices.
 - 10. Amount to remit.
 - 11. Submit one copy to the Owner with an attached executed and dated copy of Exhibit A Attestation Regarding Personnel Used in Contract Performance.
- D. Invoices for Compensation by a Lump Sum Fee: Invoices for services compensated by a Lump Sum Fee shall provide information on the period of time being invoiced, the current fee, and invoice amount for each phase, and other information as shown in the example invoice format provided herein.
- E. Invoices for Compensation by a Multiple of Direct Expense: Invoices for services compensated by a Multiple of Direct Expense shall provide information on the period of time being invoiced, billable rates, hours worked, and other information as shown in the example invoice format provided herein. Consultant invoices with details of billable rates and hours billed shall be attached.

- F. Invoices for Additional Services: Invoices for Additional Services shall generally follow the guidelines for either compensation by a Lump Sum Fee or compensation by a Multiple of Direct Expense in accordance with the type of compensation for the Additional Services.
- G. Invoices for Reimbursable Expenses:
1. Invoices for Reimbursable Expenses shall attach an invoice if the service was provided to the Designer and shall provide information to identify the expense and other information as shown in the example invoice format provided herein. Service provider invoices with details of charges shall be attached.
 2. Follow the Owner-Designer Agreement Terms, in particular paragraph 2-1-7 and Article 6.
 3. Postage, delivery, and other handling costs for design submittals, construction documents, and correspondence will not be reimbursed.
- H. Invoices for Travel Expenses:
1. Travel expenses shall be itemized separately from other reimbursable expenses. The Terms and Conditions define the requirements for travel expenses.
 2. Receipts for each travel expense item being reimbursed for the actual amount shall be submitted with the travel expense invoice. Do not submit receipts for travel expenses covered by the meals and incidentals daily allowance.
 3. The vehicle standard mileage rate, the daily lodging allowance, and the meals allowance are defined by The University of Tennessee Travel Reimbursement Rate Schedule which is revised from time to time. The allowances are based on the General Services Administration rates for the continental United States (CONUS rates). The current Schedule can be found through the following Web site.
<http://treasurer.tennessee.edu/travel/>
 4. Travel expenses are reimbursable only if project related travel is required to a destination outside a 50 mile radius of the Designer's or Designer's Consultant's principal place of business. Expenses for project related travel within the 50 mile radius are not reimbursed.
 5. The 50 mile radius requirement applies to a Designer's vehicle mileage expenses as well, meaning that vehicle mileage expenses for project related travel within the 50 mile radius are not reimbursed. For example, if the Designer's vehicle is used on a project related trip 85 miles to a destination and 85 miles back to the Designer's principal place of business, then 70 miles of vehicle mileage is reimbursable at the standard mileage rate (85 miles minus 50 miles is 35 miles; then multiply 35 miles times 2 for both legs of the trip to get 70 miles).
 6. Meals are reimbursed only when associated with overnight travel.
- I. Final Invoice: Provide documents required by the Standard Terms and Conditions prior to the final request for payment. An SBC-25 Form as shown in Appendix 1 must be completed and submitted with the final Designer invoice. Additionally, invoices for all additional and reimbursable services must be submitted prior to final billing for Basic Services. For any services billed after that date, the University will have no obligation to pay.

Basic Services
Compensated by a Lump Sum Fee

To:	Division of Facilities Planning The University of Tennessee 5723 Middlebook Pike, Suite 119 Knoxville, TN 37996-0040	Example Invoice				
Invoice Date: May 1, 2016 Invoice Number: A-54321						
Designer: A-to-Z Design Firm Remit to Address: 555 Fifth Street, Uptown, TN 37555-1234						
Project: University Classroom Building SBC No.: 540/XX-YY-ZZZZ Services / Expenses: Basic Services, Paragraphs 2-1-1 through 2-1-41 Compensated by Lump Sum Fee Current Approved Fee: \$400,000.00						
Invoice Period: April 1, 2016, through April 30, 2016						
Design Phase	Phase Percent	Fee	Phase % Complete	Cumulative Amount Due	Prior Invoices	Amount to Remit
Program Phase Schematic	3%	\$12,000.00	100%	\$12,000.00	\$12,000.00	\$0.00
Design Design	12%	\$48,000.00	100%	\$48,000.00	\$48,000.00	\$0.00
Development Construction	25%	\$100,000.00	100%	\$100,000.00	\$100,000.00	\$0.00
Document Bidding	30%	\$120,000.00	100%	\$120,000.00	\$120,000.00	\$0.00
	3%	\$12,000.00	100%	\$12,000.00	\$12,000.00	\$0.00
*Construction	23%	\$92,000.00	43%	\$39,560.00	\$37,200.00	\$2,360.00
Close-Out	4%	\$16,000.00	0%	\$0.00	\$0.00	\$0.00
Total	100%	\$400,000.00		\$331,560.00	\$329,200.00	\$2,360.00
* Construction Phase Percent Complete in proportion to gross progress payments to Contractor per Terms Sections 7-5.						
Attachment: Completed Exhibit A, signed and dated May 1 , 2016						

Basic Services
Compensated by a Multiple of Direct Expense with a Maximum Fee

To: Division of Facilities Planning
The University of Tennessee
5723 Middlebook Pike, Suite 119
Knoxville, TN 37996-0040

Example Invoice

Invoice Date: **May 1, 2016**
Invoice Number: **B-54321**

Designer: A-to-Z Design Firm
Remit to Address: **555 Fifth Street, Uptown, TN 37555-1234**

Project: **University Classroom Building**
SBC No.: **540/XX-YY-ZZZZ**
Services / Expenses: **Basic Services, Paragraphs 2-1-1 through 2-1-17**
Compensated by a Multiple of Direct Expense with a Maximum Fee
Current Approved Fee: **\$22,500.00** **Maximum Fee**

Invoice Period: **April 1, 2016, through April 30, 2016**

Personnel	Billable Rate	Period Hours	Period Hrs X rate	Cumulative Hours	Cumulative Hours X Rate	Prior Invoices	Amount to Remit
Principal Alice	\$155.00	6.50	\$1,007.50	18.00	\$2,790.00	\$1,782.50	\$1,007.50
Principal Bob	\$155.00	6.00	\$930.00	13.00	\$2,015.00	\$1,085.00	\$930.00
Employee Carol	\$125.50	4.00	\$502.00	16.00	\$2,008.00	\$1,506.00	\$502.00
Employee Dave	\$78.00	7.50	\$585.00	12.00	\$936.00	\$351.00	\$585.00
Total					\$7,749.00	\$4,724.50	\$3,024.50

	Period Invoice	Period Inv X 1.2 Multiple	Cumulative Invoices	Prior Invoices	Amount to Remit
Quality Consultant	\$895.80	\$1,074.96	\$2,110.50	\$1,035.54	\$1,074.96
Engineer Help	\$320.00	\$384.00	\$870.00	\$486.00	\$384.00
Total			\$2,980.50	\$1,521.54	\$1,458.96

Grand Total			\$10,729.50	\$6,246.04	\$4,483.46
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Attachment:
Invoices from quality Consultant Co. and EngineerHelp, Inc. with details of hourly rates and hours billed.
Completed Exhibit A, signed and dated May 1, 2016

Additional Services
Compensated by a Multiple of Direct Expense with a Maximum Fee

To: Division of Facilities Planning
The University of Tennessee
5723 Middlebook Pike, Suite 119
Knoxville, TN 37996-0040

Example Invoice

Invoice Date: **May 1, 2016**
Invoice Number: **C-54321**

Designer: A-to-Z Design Firm
Remit to Address: **555 Fifth Street, Uptown, TN 37555-1234**

Project: **University Classroom Building**
SBC No.: **540/XX-YY-ZZZZ**
Services / Expenses: **Basic Services, Paragraphs 2-1-1 through 2-1-17**
Compensated by a Multiple of Direct Expense with a Maximum Fee
Current Approved Fee: **\$19,000.00 Maximum Fee**

Invoice Period: **April 1, 2016, through April 30, 2016**

Personnel	Billable Rate	Period Hours	Period Hrs X rate	Cumulative Hours	Cumulative Hours X Rate	Prior Invoices	Amount to Remit
Principal Avery	\$155.00	6.50	\$1,007.50	10.00	\$1,550.00	\$542.50	\$1,007.50
Principal Betty	\$145.00	6.00	\$870.00	16.00	\$2,320.00	\$1,450.00	\$870.00
Employee Carlos	\$125.50	4.00	\$502.00	16.00	\$2,008.00	\$1,506.00	\$502.00
Employee Dawn	\$71.40	21.50	\$1,535.10	38.50	\$2,748.90	\$1,213.80	\$1,535.10
Total					\$8,626.90	\$4,712.30	\$3,914.60

Consultant	Period Invoice	Period Inv X 1.2 Multiple	Cumulative Invoices	Prior Invoices	Amount to Remit
Quality Consultant	\$145.60	\$174.72	\$386.20	\$211.48	\$174.72
Engineer Help	\$208.00	\$249.60	\$620.40	\$370.80	\$249.60
Total			\$1,006.60	\$582.28	\$424.32

Grand Total	\$9,633.50	\$5,294.58	\$4,338.92
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Attachment:
Invoices from Millwork Mavens and Consuelo Consultant with details of hourly rates and hours billed.
Completed Exhibit A, signed and dated May 1, 2016

Reimbursable Expenses
For Bid Document Printing

To: Division of Facilities Planning
 The University of Tennessee
 5723 Middlebook Pike, Suite 119
 Knoxville, TN 37996-0040

Example Invoice

Invoice Date: **May 1, 2016**

Invoice Number: **D-54321**

Designer: **A-to-Z Design Firm**

Remit to Address: **555 Fifth Street, Uptown, TN 37555-1234**

Project: **University Classroom Building**

SBC No.: **540/XX-YY-ZZZZ**

Services / Expenses: **Reimbursable Expenses**

Document Printing

Invoice Period: **April 1, 2016, through April 30, 2016**

Reimbursable Expense	Cost	Multiple	Amount to Remit
All-Right Printing Services (Invoice 1)	\$895.99	1.00	\$895.99
All-Right Printing Services (Invoice 2)	\$45.00	1.00	\$45.00
Rabbit Reproduction Co.	\$114.35	1.00	\$114.35
Total			\$1,055.34

Attachment:

Invoices 1 & 2 from All-Right Printing Services and invoice from Rabbit Reproduction Co.

Reimbursable Expenses
For Professional Services

To: Division of Facilities Planning
 The University of Tennessee
 5723 Middlebook Pike, Suite 119
 Knoxville, TN 37996-0040

Example Invoice

Invoice Date: **May 1, 2016**

Invoice Number: **E-54321**

Designer: **A-to-Z Design Firm**

Remit to Address: **555 Fifth Street, Uptown, TN 37555-1234**

Project: **University Classroom Building**

SBC No.: **540/XX-YY-ZZZZ**

Services / Expenses: **Reimbursable Expenses**

Testing Services

Invoice Period: **April 1, 2016, through April 30, 2016**

Reimbursable Expense	Cost	Multiple	Amount to Remit
Rocky Soil Testers (Invoice A1)	\$3,105.00	1.20	\$3,726.00
Rocky Soil Testers (Invoice A2)	\$2,799.00	1.20	\$3,358.80
Total			\$7,084.80

Attachment:

Invoices A1 and A2 from Rocky Soil Testers

Travel Expenses

To: Division of Facilities Planning
The University of Tennessee
5723 Middlebook Pike, Suite 119
Knoxville, TN 37996-0040

Example Invoice

Invoice Date: **May 1, 2016**
Invoice Number: **F-54321**

Designer: A-to-Z Design Firm
Remit to Address: **555 Fifth Street, Uptown, TN 37555-1234**

Project: **University Classroom Building**
SBC No.: **540/XX-YY-ZZZZ**
Services / Expenses: **Travel Expenses**
Jane Doe

Invoice Period: **April 1, 2016, through April 30, 2016**

Principal Place of Business: Chattanooga, TN		Application of Meal and Incidental Daily Allowance	
Travel Destination: Knoxville, TN		Hours in Travel Status	Percent of Meal & Incid. Allowance
Round Trip Miles Between Place of Business and Destination	224	0:01 to 6:00	25%
Billable Miles for Round Trip Between Place of Business and Destination:	174	6:01 to 12:00	50%
		12:01 to 18:00	75%
		18:01 to 24:00	100%
Standard Mileage Rate per UT Rate Schedule:	\$0.47	Plus Tax	
Lodging Allowance (CONUS Rate) for Destination:	\$83.00		
Meal Daily Allowance (CONUS Rate) for Destination:	\$49.00		

Date	Hours in Travel Status	Percent of Meal Allowance	Allowed Meal Expense	Lodging Expense	Lodging Tax Expense	Airline	Mileage Expense	Other Expense (e.g. taxi)
Tuesday, 3/17/2013	8:30:00	50%	\$24.50	\$77.00	\$10.97		-	\$0.00
Wednesday, 3/18/2013	24:00:00	100%	\$49.00	\$77.00	\$10.97		-	\$0.00
Thursday, 3/19/2013	24:00:00	100%	\$49.00	\$77.00	\$10.97		-	\$0.00
Friday, 3/20/2012	14:00:00	75%	\$36.75				-	\$0.00
Total			\$159.25	\$231.00	\$32.91	\$0.00	\$66.96	\$0.00
Grand Total Reimbursable Travel Expense for Traveler								\$490.12

Attachment:

Traveler's receipts for lodging (showing tax), airline, and other expenses

END OF CHAPTER