

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 (Contracts executed after May 2016)
2. SBC-6a Terms and Conditions for Agreements Between Owner and Designer (Contracts executed after May 2016)
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 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.

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. Article 1: Provides revisions to the Project Terms of the original Agreement including changes in Scope, referenced documentation, design principals, consultants, and phase duration.
2. Article 2: Provides revisions of the MACC and compensation to the Designer.
3. Article 3: 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. Article 4: 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 written 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 and any other subsequent authorization letter.
 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. Amount remaining to bill.
 12. 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 Article 2.4.
 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. 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.

2.7 EXAMPLE INVOICE FORMATS

**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, 2017 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/XXX-YY-ZZZZ Services / Expenses: Basic Services, Paragraphs 1.1.2 through 1.1.8 Compensated by Lump Sum Fee Current Approved Fee \$400,000.00						
Invoice Period: April 1, 2017, through April 30, 2017						
Design Phase	Phase Percent	Fee	Phase % Complete	Cumulative Amount Due	Prior Invoices	Amount to Remit
Program Phase	3%	\$12,000.00	100%	\$12,000.00	\$12,000.00	\$0.00
Schematic Design	18%	\$72,000.00	100%	\$72,000.00	\$72,000.00	\$0.00
Design Development	20%	\$80,000.00	100%	\$80,000.00	\$80,000.00	\$0.00
Construction Documents	30%	\$120,000.00	100%	\$120,000.00	\$120,000.00	\$0.00
Bidding	2%	\$8,000.00	100%	\$8,000.00	\$8,000.00	\$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 2.3.2.5						
Attachment: Completed Exhibit A, signed and dated May 1, 2017						

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, 2017**
 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/XXX-YY-ZZZZ**
 Services / Expenses: **Basic Services, Paragraphs 1.1.2 through 1.1.8**
Compensated by a Multiple of Direct Expense with a Maximum Fee
 Current Approved Fee: **\$22,500.00** **Maximum Fee**

Invoice Period: **April 1, 2017, through April 30, 2017**

Personnel*	Billable Rate	Period Hours	Period Hrs X rate	Cumulative Hours	Cumulative Hours X Rate	Prior Invoices	Amount to Remit
Principal Alice	\$175.00	6.50	\$1,137.50	18.00	\$2,790.00	\$1,782.50	\$1,137.50
Principal Bob	\$165.00	6.00	\$990.00	13.00	\$2,015.00	\$1,085.00	\$990.00
Employee Carol	\$155.00	4.00	\$620.00	16.00	\$2,008.00	\$1,506.00	\$620.00
Employee Dave	\$78.00	7.50	\$585.00	12.00	\$936.00	\$351.00	\$585.00
Total					\$7,749.00	\$4,724.50	\$3,332.50

Consultant	Period Invoice	Period Inv X 1.10** Multiple	Cumulative Invoices	Prior Invoices	Amount to Remit
Quality Consultant	\$895.80	\$895.80	\$2,110.50	\$1,035.54	\$1,074.96
Engineer Help	\$320.00	\$320.00	\$870.00	\$486.00	\$384.00
Total			\$2,980.50	\$1,521.54	\$1,458.96

**Mark-up per written authorization for service up to 1.20

Grand Total	\$10,729.50	\$6,246.04	\$4,791.46
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Attachment:

Invoices from quality Consultant Co. and EngineerHelp, Inc. with details of hourly rates and hours billed.

*Submit Direct Personnel Expense Calculation Worksheet for Personnel
 Completed Exhibit A, signed and dated May 1, 2017

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, 2017**

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/XXX-YY-ZZZZ**

Services / Expenses: **Basic Services, Paragraphs 1.1.2 through 1.1.8**

Compensated by a Multiple of Direct Expense with a Maximum Fee

Current Approved Fee: **\$19,000.00 Maximum Fee**

Invoice Period: **April 1, 2017, through April 30, 2017**

Personnel*	Billable Rate	Period Hours	Period Hrs X rate	Cumulative Hours	Cumulative Hours X Rate	Prior Invoices	Amount to Remit
Principal Avery	\$175.00	6.50	\$1,137.50	10.00	\$1,750.00	\$542.50	\$1,137.50
Principal Betty	\$155.00	6.00	\$930.00	16.00	\$2,480.00	\$1,450.00	\$930.00
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					\$8,986.90	\$4,712.30	\$4,104.60

Consultant	Period Invoice	Period Inv X 1.10** Multiple	Cumulative Invoices	Prior Invoices	Amount to Remit
Quality Consultant	\$145.60	\$160.16	\$386.20	\$211.48	\$160.16
Engineer Help	\$208.00	\$228.80	\$620.40	\$370.80	\$228.80
Total			\$1,006.60	\$582.28	\$388.96

**Mark-up per written authorization for service up to 1.20

Grand Total	\$9,993.50	\$5,294.58	\$4,493.56
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Attachment:

Invoices from Millwork Mavens and Cosuelo Consultant with details of hourly rates and hours billed.

*Submit Direct Personnel Expense Calculation Worksheet for Personnel

Completed Exhibit A, signed and dated May 1, 2017

**Reimbursable Services
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, 2017**

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/XXX-YY-ZZZZ**

Services / Expenses: **Reimbursable Expenses**

Bid Document Printing

Invoice Period: **April 1, 2017, through April 30, 2017**

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.

**Additional Services
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, 2017**

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/XXX-YY-ZZZZ**

Services / Expenses: **Additional Service Expenses**

Testing Services

Invoice Period: **April 1, 2017, through April 30, 2017**

Reimbursable Expense	Cost	Multiple*	Amount to Remit
Rocky Soil Testers (Invoice A1)	\$3,105.00	1.05	\$3,260.25
Rocky Soil Testers (Invoice A2)	\$2,799.00	1.05	\$2,938.95
Total			\$6,199.20

*Mark-up per written authorization for service up to 1.20

Attachment:

Invoices A1 and A2 from Rocky Soil Testers

Travel Expenses

END OF CHAPTER

To: Division of Facilities Planning The University of Tennessee 5723 Middlebook Pike, Suite 119 Knoxville, TN 37996-0040					Example Invoice			
Invoice Date: May 1, 2017								
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/XXX-YY-ZZZZ								
Services / Expenses: Travel Expenses								
Jane Doe								
Invoice Period: April 1, 2017, through April 30, 2017								
Principal Place of Business: Chattanooga, TN					Application of Meal and Incidental Daily Allowance			
Travel Destination: Atlanta, GA								
Round Trip Miles Between Place of Business and Destination					234			
Standard Mileage Rate per UT Rate Schedule:					\$0.47			
Lodging Allowance (CONUS Rate) for Destination:					\$140.00	Plus Tax		
Meal Daily Allowance (CONUS Rate) for Destination:					\$69.00			
		0:01 to 6:00		25%				
		6:01 to 12:00		50%				
		12:01 to 18:00		75%				
		18:01 to 24:00		100%				
Date	Hours in Travel Status	Percent of Meal Allowanc e	Allowed Meal Expense	Lodging Expense	Lodging Tax Expense	Airline	Mileage Expense	Other Expense (e.g. taxi)
Tuesday, 3/17/2017	8:30:00	50%	\$34.50	\$140.00	\$10.97		-	\$0.00
Wednesday, 3/18/2017	24:00:00	100%	\$69.00	\$140.00	\$10.97		-	\$0.00
Thursday, 3/19/2017	24:00:00	100%	\$69.00	\$140.00	\$10.97		-	\$0.00
Friday, 3/20/2017	14:00:00	75%	\$51.75				-	\$0.00
Total			\$224.25	\$420.00	\$32.91	\$0.00	\$66.96	\$0.00
Grand Total Reimbursable Travel Expense for Traveler								\$744.12
Attachment:								
Traveler's receipts for lodging (showing tax), airline, and other expenses								