



Work Authorization Negotiation Rules of Engagement

Goal for negotiations: To reach a fair and reasonable cost with the assigned provider for the services to be provided.

Basic courtesies: Negotiations will be conducted with the parties treating each other with dignity, respect, and basic common courtesies.

Points of contact: TxDOT Project Manager (PM) and the Prime Provider Project Manager (PPM) are the designated points of contact for the negotiations. The TxDOT PM may request assistance from the PEPS Service Center Manager.

Communication protocol: During negotiations, the communication is limited to the points of contact. Neither party is permitted to communicate with other representatives of a party except when approved by the designated point of contact for that party. During negotiation meetings it is expected that each party will have participation from additional members.

Schedule of negotiations: The schedule provides a basic timeline for meetings, information exchanges, and overall deadlines for completing negotiations and work authorization execution.

Sequence for negotiations:

- Pre-negotiation meeting - discuss the rules of engagement, the project, and the format for information exchange
- Scope meetings - discuss the project, work elements, and assumptions
- Labor Categories, Unit Cost, and Other Direct Expense negotiations – discuss the payment types and other cost components
- Level of effort (LOE) negotiations
- Work schedule negotiations
- Conclude negotiations

Information transfer: During negotiations, it is expected that the scope, LOE, and work schedule offers will be transmitted via email, with discussions by telephone and by in-person meetings. TxDOT will also specify the format for the information exchange.

Conflict resolution: : It is anticipated that negotiations will be concluded within two to three rounds (offer and counter-offer). If items are not resolved by the third round, the expectation is that both parties will hold an in-person meeting or discuss the issues by phone to reach a resolution.

Escalation: If necessary, a party can request to escalate an issue. For TxDOT, the issue will be escalated to the District Engineer or Division Director. For the firm, it is the individual identified by the PPM.

Termination of negotiations: If the parties fail to reach a fair and reasonable price, either party may terminate negotiations. If TxDOT believes that an impasse has been reached, it will send an impasse letter with an opportunity to appeal to the District Engineer or Division Director. If resolution is not reached, then negotiations are terminated. The District or Division will notify PEPS if negotiations are terminated.