



Engineering/Accounting: PRIVATE CLIENT PROPOSALS, CONTRACTS & PAYMENT

Objective/Purpose/ Why: *To outline Private Client Contract and Payment Standard Operating Procedures. The goal is to ensure that contracts contain standard provisions that protect ATG, and Project Managers ensure no more than 30 days of labor and other costs are put at risk. [Reduce risk (loss of revenue, cash flow) and save resources (additional time spent by various levels of staff to collect payment; possible attorney fees; leaving a loss to ATG)]*

Subject Matter Expert: *Project Accountants, Project Controller, Controller, Engineering Division Managers, Engineering Private Client Group*

Private Client Proposals & Contracting:

Proposal Development:

Project Manager is responsible for developing the scope and fee, which must be approved by Division Manager before it proceeds to Contracting.

- As soon as an inquiry is received and/or start of project pursuit, Project Manager will send Marketing a request to open an OPPO/PROP to track proposal efforts.
- Project Manager will develop a scope and fee and send to Division Manager for approval. If applicable, PM will Cc Project Accountant/Project Controller during this process so a retainer invoice can be created and included as part of the Proposal.
- NOTE: All private client contracts will require a retainer. See retainer criteria below. Project will not be activated until retainer payment is received.
- Once scope and fee are approved by DM, Project Manager will attach ATG Standard Contract Provisions and retainer invoice to proposal package and proceed to contracting phase.

➤ Retainer Criteria

- Retainer equal to half of the lump sum portion of the contract amount is required for all projects. The retainer must be received prior to any work being started and prior to project being activated in Vision.
- Retainer for Additional Services (AS) may be required for clients that have exhibited poor AR history by consistently paying invoices late. Clients with an *average* AR for an active project of over 46+ days will need to be evaluated to pay a retainer of either 50% or 100% of the LS AS budget.
- Retainer Exceptions, including retainer reductions, will be sent for review during proposal development and Additional Services requests. Approval will be given at discretion of Division Manager with the assistance of Project Controller based on the following criteria:
 - Client average AR of 45 days or less. Average will include all prior projects.
 - No prior instances of late payment (over 46 days) and tasks closed due to non-payments.
 - Minimum of 4 completed projects in the last 4 years
 - No history of terminating projects prior to completion
 - No exceptions on new clients

Contracting:

The Division Manager, Project Manager and Project Controller are responsible for reviewing the proposal, fee, and contract. The Project Manager is responsible for obtaining and maintaining a fully executed (signed, dated) copy of the contract for ATG records in the project files.

- Project Manager will send Client Information Sheet to client contact to complete either as soon as a proposal request is received or as soon as reasonably able to. Client must complete sheet so Contracting Entity and Signatory Authority can be confirmed.
- Project Manager will send the following documents to Client and Cc PA/PC.
 - Proposal Package
 - Proposal Document
 - Data Collection Plan if applicable
 - Rate Sheet
 - Other Pertinent Information Related to Project



- ATG Contract and Standard Provisions
 - Retainer Invoice (see definition below)
- If Client requests to revise any sections of the ATG Standard Provisions, the following process should be followed:
 - Contract will be forwarded to Project Controller and Division Manager for Review
 - PC and DM will review to either accept or reject revision requests and send back to PM. PM will forward responses to Client for their concurrence.
 - If Client agrees with the terms, Client to execute document.
 - This process will continue until both parties agree to terms.
- NOTE: No ATG signatures should be added *prior* to execution by the client. ATG signatures should occur AFTER the client signs.
- Signatory Authority:
 - Clint Jumper, Sr. Vice President, is the default signatory authority for private client contracts
 - If Clint is not available to execute the private client contract, the following members of the Executive Team have approved signatory authority by the board:
 - Gayle Heath, CEO
 - Mike Heath, President
 - J.D. Allen, Executive Vice President
 - Daniel Rios, Chief Information Officer

Additional Services:

When Additional Services (AS) is needed, Project Manager is responsible for preparing AS document using approved Additional Services Template. Project Manager will need to confirm the following before any effort is completed:

- Client on Additional Services document is the same Client as original contract.



- Authorization MUST come from contracting Client and not a third party i.e., developer, agency, etc.
- If AS client is different from original contracting client, a new contract will need to be executed between ATG and new client.
- AS Authorization is signed by individual with Signatory Authority.
- No outstanding accounts receivable of 46+ days.
 - If there is an outstanding balance of 46+ days, client will need to show confirmation that payment has been sent

Note: PMs are responsible for filing all corresponding AS documents in project folder.

Payment and Collections:

All Invoices are payable upon receipt, but ATG will not start any collection efforts until balance has reached 30+ days. Project Manager should not submit any deliverables to Client if there is outstanding AR greater than 30 days. This applies to all clients regardless of payment history.

Invoice Retainer Application

Credit for retainer payments will not be applied until a minimum of 50% of the effort has been completed and invoiced. The Project Manager will be responsible for communicating this process to the client during contracting. This process is also stated in the Proposal document.

Outstanding Invoices Owed to ATG Over 30 Days

Payment is due upon receipt of invoice. Accounting will contact the client regarding status of outstanding payment when balance reaches 30 days outstanding. PM will not deliver any submittals until AR is paid.

Outstanding Invoices Owed to ATG Over 60 Days

PM will contact the client regarding status of outstanding payment and work will suspend temporarily pending client response and payment. Accounting will make tasks inactive and the decision to resume work will be made by the Division



Manager. *Interest Invoice* – If PM does not receive a response from Client within 5 days indicating a payment will be sent, Accounting will send an interest invoice.

Outstanding Invoices Owed to ATG Over 90 Days

Accounting will coordinate with PM to contact client regarding status of outstanding payment. Work will suspend until payment is received for outstanding balance. If Client does not pay within 10 days of contact, balance will be turned over to Attorney.

- *Attorney* – Client will be advised with interest invoice submittal that if outstanding balance is not paid before 90 days outstanding, that collections will be turned over to Corporate Attorney.

Exceptions or Waivers

Any exceptions or waivers from the standard operating procedure for a Private Client contract or payment must have prior written approval from the Division Manager. *If Project Manager is faced with an unusual situation and/or concerned in how to proceed, PM should consult with Division Manager before taking any action.*

Outcome: *The expected deliverable is a signed and sealed report that meets the client's scope and expectations. The project should result in successful completion of the contract with all payments received within net 30 days, no write offs, and a at least 12-15% profit.*

Resources: *See Private Client Contract Template and Provisions, Additional Services Contract Template, Client Information Sheet*



Definitions:

- **Private Client (Company) refers to non-governmental businesses and organizations. These companies are owned by private individuals/shareholders or stockholders on the stock market.**
 - TIA or Traffic Impact Analysis – generally small engineering projects that are typically lump sum and short deadlines.
 - TES or Traffic Engineering Studies – generally small engineering projects that are typically lump sum and short deadlines.
 - TCP or Traffic Control Plan – generally small engineering projects that are typically lump sum and short deadlines.
- **Retainer – payment made in advance for professional services by the client prior to starting work on the project. The retainer is held until final invoicing of the project.**
- **Retainer Invoice – invoice generated by Accounting for retainer payment.**