



# Contract management for remediation projects

Gouda november 14<sup>th</sup> 2012

*bio*Soil

## subjects:

- Specific conventional contracts for remediation
- Explanation of dutch RAW, UAV-GC and lump sum contracts
- The way it should be done in our opinion
- Questions

# Introduction BioSoil



**bioSoil**

# Ballpoint figures

In the Netherlands:

58 billion euro's tenders in the civil services area

18 billion euro through european tenders

This is 11,5% of the GNP

40.000 tender offices

3.500 structural tender offices

98% are given to dutch companies

# contracts

- RAW contract: spreadsheet contract with unit prizes which can be applied to the project.

- Aspects:

- >10% deviation → prize adjustment

- Not preferred for remediation projects because of (enormous) exceeding of budget due to actual pollution

# UAV-GC contract

UAV-GC (translated): Uniform Administrative Conditions for integrated contracts more or less design and construct

Developed by: Utility-sector:

Principals search for less involvement in the remediation projects;

-Contractors are responsible for the design and construction

Creation of a new legal and administration method for design and construct projects

Translation: more risk for the contractor and less risk for the principal

Changes can be reported and discussed

# **lump sum contract**

Fixed price contract with a defined result  
Contract defines the risk for the contractor  
and for the principal but in practice all of  
the risks for the contractor

# RAW vs. UAV-GC vs. Lump Sum

	Standard RAW	UAV GC	Lump Sum
General knowlegde of the contract	ok	Not very good	Not very good
Financial securities	Bad	Good	Very good
Applicability for remediations	risk for the principal	Quit good	bad
Legal securities	Good	As good as the contract	As good as the contract
Flexibility	Good	Little	No
Procedures	Known	Unknown	Known
Project research/provide data	limited	Should be elaborate	Always to little



# Why do these contracts give problems in many cases

The project is always given to the contractor with the lowest price →

The contractor can only be the cheapest by lowering the quality of the work → he will always claim extra work and/or overprice changes

The actual pollution is always different from the data provided by the consultant

# The way it should be

There are a few contracts suitable for remediations:

- Project team construction
- Performance contracts.

# Project team construction

The remediation project is performed by a team consisting of:

## The Principal

The contractor

The consultant

And sometimes:

The local authorities/legislation

Be an early choice of the contractor he can help during the preparation and soil investigations.

The actual pollution and changes in the project can be discussed.

Prices are transparent at the beginning of the project

# **Our winner in contracting** **(but never used in remediation yet)**

## **Performance contracts**

**The principal gives away his budget for the project and the project targets.**

**The project is given to the contractor with:**

- **The best experience for the job**

- The best project solution**

- The best project result**

- Price envelope is opened after choice on prior facts**

# Project example NOM lokation Vopak



## Project data

Lump sum

1 year and 3 months

Changes of the scope:

- Size of the pollutions completely different
- Basement filled with oil still present
- Railroad was removed
- All of the polluted soil could be cleaned on site with a large financial profit for the principal

**Questions?**