



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | CANADA

ASSOCIATION OF CONSULTING ENGINEERING COMPANIES-CANADA

DOCUMENT NO. 35 - 2013

**PROJECT MANAGEMENT AGREEMENT BETWEEN CLIENT AND
PROJECT MANAGER**

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Users are advised to first consult with legal counsel prior to agreeing to any changes to the agreement outlined in this document.

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Revised 2013

INTRODUCTION TO DOCUMENT 35 - PROJECT MANAGEMENT AGREEMENT BETWEEN CLIENT AND PROJECT MANAGER

Document 35 is a flexible agreement whereby an *Owner*, who may not have sufficient development knowledge, expertise or experience, may retain a *Project Manager* to manage a residential, commercial or industrial construction project in either the private or public sectors.

Document 35 may be used in conjunction with several methods of construction, including traditional contract delivery projects with a general contractor performing, coordinating and supervising the work or for projects following a construction management structure, or for design-build projects.

Under a classic hierarchical project, an *Owner* – assisted if required by a *Project Manager* - would retain architects and engineers to design the work and then, often through a competitive bidding process, engage a general contractor to build the project under a fixed price, unit-price or cost-plus prime contract. Under the construction management (CM) method, an *Owner* – assisted if required by a *Project Manager* - would retain architects and engineers to design the work and then, with the assistance of the CM, engage multiple specialty contractors, coordinated by the CM to build the project. Under the design-build concept, whether structured as a traditional Design Build (DB), Engineering, Procurement and Construction (EPC), Engineering, Procurement and Construction Management (EPCM) or Public-Private Partnership (PPP) project, an *Owner* – most likely assisted by a *Project Manager* - takes the project from the initial planning phase through construction to completion.

The role of a *Project Manager* differs from the more limited role of a construction manager, although much confusion abounds in the construction industry regarding the distinction between them. A ‘construction manager’ tends to describe a person who is focused on construction activities, whereas a ‘project manager’ tends to be involved in the management of all elements of a project, from the initial project planning phase through detailed design to construction and other related activities (such as feasibility and long range planning).. A construction manager may be involved in planning and design phases, but usually only to the extent of providing advice on constructability and cost issues. The *Services* under this *Agreement* can easily encompass the expanded role of a *Project Manager* or be contracted to mirror the traditional role of a construction manager.

The *Schedules* included in Document 35 are modular and may be tailored for various types of projects where an *Owner* needs the professional assistance of a *Project Manager*. Schedule A – PROJECT MANAGER’S SCOPE OF SERVICES is a listing of typical services that may be applicable for most types of design-bid-build projects and, by simple exclusions, can be tapered for construction projects that use other contracting arrangements. Schedule B – FEES AND REIMBURSABLE EXPENSES also is adjustable for all these situations. Users may fine-tune these flexible Schedules in the fields allotted for changes within the Schedules or users may replace them by means of their own scope of services and fee schedules.

Quite importantly, Document 35 assumes that the *Project Manager* WILL NOT PROVIDE design or site supervision services and WILL NOT PERFORM any construction activities. This avoids putting the *Project Manager* – who is a limited agent of the *Owner* – into an inherent conflict of interest position, which would likely happen if the *Project Manager* were to be given concurrent design or site supervision or construction responsibilities.

Document 35 is designed for an *Owner* who retains a professional engineer to provide the *Project* management functions contained in Document 35. It is not designed for use by non-engineers. For

instance, the insurance and liability provisions are not suitable for non-professionals who may not have professional liability insurance coverage. **Users are cautioned to obtain legal, insurance and professional advice before considering any changes to the General Conditions. In particular, *Engineers* are cautioned that modifying General Conditions may affect professional liability insurance coverage.**

Document 35 is part of a suite of ACEC documents based in form and structure upon ACEC Document 31 2009 (*Engineering Agreement between Client and Engineer*). However, the content differs significantly in some areas, as previously suggested. The ACEC document format adopts some features of Canadian Construction Documents Committee (CCDC) documents, namely the use of the three parts: Agreement Form, Definitions and General Conditions. Schedule A – PROJECT MANAGER’S SCOPE OF SERVICES and Schedule B – FEES AND REIMBURSABLE EXPENSES form a fourth part. Definitions in ACEC documents track, to the extent possible, those used in CCDC documents. As is the case with the entire ACEC suite of contract documents, users should modify the printed text of the Agreement Form, Definitions and General Conditions only by means of separate Supplementary Conditions where it is necessary to take into account project specific issues.

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PROJECT MANAGEMENT AGREEMENT BETWEEN CLIENT AND PROJECT MANAGER

dated as of the _____ day of _____, 20__ .

by and between:

hereinafter called the “*Client*” *(Insert legal name and address)*

and:

hereinafter called the “*Project Manager*”. *(Insert legal name and address)*

AGREEMENT

The *Client* and *Project Manager* agree as follows:

A-1 THE SERVICES

1.1 The *Project Manager* will provide *Services* in connection with the following *Project*:

(Insert a short description of the Project)

The location of the *Project* (the “*Place of the Work*”) is as follows:

(Insert the address, location or legal description of the site of the Work)

1.2 The *Project Manager* will provide *Services* for the *Project* in accordance with Schedule A – PROJECT MANAGER’S SCOPE OF SERVICES.

- 1.3 Any change to the *Services* listed in Schedule A – PROJECT MANAGER’S SCOPE OF SERVICES will be made by written order signed by both parties identifying the change plus adjustments, if any, to the *Project Manager’s Fees* and *Reimbursable Expenses* and time for completion of the *Services*.

A-2 AGREEMENT AND AMENDMENTS

- 2.1 This *Project Management Agreement* constitutes the entire agreement between the *Client* and the *Project Manager* relating to the *Project*, and supersedes all prior agreements between them, whether written or oral, respecting the *Services*. No other terms, conditions or warranties, whether express or implied, form a part of this *Project Management Agreement*.
- 2.2 This *Project Management Agreement* may be amended only by a written document signed by both the *Client* and the *Project Manager*.

A-3 PROJECT MANAGEMENT AGREEMENT DOCUMENTS

- 3.1 The following sections and documents form part of and are incorporated into the *Project Management Agreement*:
- Agreement
 - Definitions
 - General Conditions
 - Schedule A - PROJECT MANAGER’S SCOPE OF SERVICES
 - Schedule B - FEES AND REIMBURSABLE EXPENSES

Other documents:

*

** (Insert here, attaching additional pages if required, a list of all other sections and documents, including any supplementary conditions, other schedules and lists that are to be incorporated into the Project Management Agreement.)*

A-4 FEES AND REIMBURSABLE EXPENSES

- 4.1 The *Fees* for the *Services* of the *Project Manager* are set forth in Schedule B – FEES AND REIMBURSABLE EXPENSES.
- 4.2 *Reimbursable Expenses* are the costs and charges identified in Schedule B – FEES AND REIMBURSABLE EXPENSES that are incurred by the *Project Manager* in performing the *Services*.

A-5 PAYMENT

- 5.1 The *Client* will pay to the *Project Manager* the *Fees* and *Reimbursable Expenses* set out in this *Project Management Agreement*.
- 5.2 The *Project Manager* will issue monthly invoices for *Fees* and *Reimbursable Expenses*, together with applicable *Value Added Taxes*.
- 5.3 The *Project Manager's* invoices are due when presented. Invoices unpaid by the *Client* 30 days after presentation will bear interest of _____ % per annum calculated monthly.

A-6 NOTICES

- 6.1 A *Notice* will be addressed to the recipient at the address set out below. The delivery of a *Notice* will be by personal delivery, receipted courier delivery or by facsimile. A *Notice* delivered by one party in accordance with this *Project Management Agreement* will be deemed to have been received by the other party on the first *Working Day* after actual delivery. An address for a party may be changed by *Notice* to the other party setting out the new address in accordance with this Article.
- 6.2 Although the parties may use electronic communications for the purposes of general communication, e-mail will not be used for delivery of a *Notice*.
- 6.3 The addresses for the parties are as follows:

*Client**

*(name of Client)**

(address)

(facsimile number)

*Project Manager**

*(name of Project Manager)**

(address)

(facsimile number)

**(If it is intended that a specific individual or officer must receive the Notice, indicate that individual's name and/or office.)*

A-7 LANGUAGE OF THE CONTRACT

- 7.1 *(For use in the Province of Quebec.)* The parties confirm their wish that this *Project Management Agreement* as well as any other related documents including future amendments, *Notices* and correspondence be drawn in English. Parts of the *Project Management Agreement* may be included as available in English or in French or both, according to the language or languages in which they originally were drawn.

Les parties confirment leur volonté que cette convention de gestion du projet de même que tous les documents s'y rattachant, y compris tous amendements, avis et correspondance futures, soient rédigés en anglais. Des portions de cette convention sont incluses telles que disponibles, soit en français ou en anglais ou les deux, selon la langue ou les langues dans lesquelles la portion pertinente de cette convention aura été rédigée à l'origine.

A-8 SUCCESSION

- 8.1 This *Project Management Agreement* will inure to the benefit of and be binding upon the parties, and upon their executors, administrators, successors and permitted assigns.

(Signatures next follow)

IN WITNESS WHEREOF the parties hereto have executed this *Project Management Agreement* as of the day and year first above written.

CLIENT

WITNESS

(only required where the Client is an individual)

name of Client

signature

signature

name and title of person signing

name and title of person signing

signature

signature

name and title of person signing

name and title of person signing

PROJECT MANAGER

WITNESS

(only required where the Project Manager is an individual)

name of Project Manager

signature

signature

name and title of person signing

name and title of person signing

signature

signature

name and title of person signing

name and title of person signing

Where legal jurisdiction, local practice, or Client or Project Manager requirements calls for:

- (a) proof of authority to execute this document, attach such proof of authority in the form of a certified copy of a resolution naming the representative(s) authorized to sign the Project Management Agreement for and on behalf of the corporation or partnership; or*
- (b) the affixing of a corporate seal, this Project Management Agreement should be properly sealed.*

DEFINITIONS

1. **Construction Contract**

Construction Contract means a contract between the *Client* and a *Contractor* for the performance of some or all of the *Work* by the *Contractor*.

2. **Construction Contract Documents**

Construction Contract Documents means all documents relating to the *Work* issued by or through the *Consultants* that are incorporated into the *Construction Contract* and all variations and modifications issued by or approved by the *Consultants*.

3. **Construction Cost**

Construction Cost means the total cost to the *Client* of the *Work*, and includes:

- (a) all materials, equipment, labour, *Value Added Taxes*, *Contractor's* overhead and profit provided in accordance with the *Construction Contract Documents*;
- (b) the cost of all installations for the *Project* carried out by parties other than the *Contractor*;
- (c) the cost of all *Work* carried out under the *Construction Contracts*;
- (d) refunds or sales tax exemptions on any materials or equipment, or both;
- (e) the cost of *Work* carried out by direct labour or direct purchase of materials or equipment by the *Client* at prevailing prices;
- (f) the value of new or old materials provided by the *Client*;
- (g) the value of all deletions made by the *Client* from the *Work* after the *Project Manager* has completed a design for the deleted items as a part of the *Work*; and
- (h) the value of any monetary damages or set offs retained by the *Client* from the *Contractor* with respect to the *Work*.

4. **Consultant**

Consultant means a registered or licensed professional engineer or professional architect or other specialist engaged directly by the *Client*. Where the context permits, the expression *Consultant* may be extended to include sub-consultants or service providers directly engaged by the *Consultant*.

5. **Contractor**

Contractor means a person or entity contracting with the *Client* to perform some or all of the *Work*.

6. **Fees**

Fees means those fees that are identified in Schedule B – FEES AND REIMBURSABLE EXPENSES and which are payable by the *Client* to the *Project Manager*.

7. Notice

Notice means a written communication between the parties that is delivered in accordance with the provisions of Article A-6 –NOTICES. Use of the verb “**to notify**” means to send a *Notice* in the above manner.

8. Place of the Work

Place of the Work means the designated site or location of the *Work* identified in this *Project Management Agreement*.

9. Project

Project means the total endeavour contemplated in this *Project Management Agreement* of which the *Service*, the services of the *Consultant* and the *Work* may be the whole or a part.

10. Project Budget

Project Budget means the estimate of the probable cost of the *Project* and includes:

- (a) *Construction Costs*;
- (b) the costs of labour, services and materials (such as equipment, furniture or fixtures) that do not form a part of *Construction Contracts* but which form part of the *Project*;
- (c) *Fees and Reimbursable Expenses* of the *Project Manager*;
- (d) the fees and reimbursable expenses of *Consultants*;
- (e) the salary and administrative costs of the *Client* directly related to the *Project*;
- (f) the cost of land and any related rights, easements or servitudes;
- (g) the cost of approvals, applications and permits and the services performed to obtain such approvals, applications and permits; and
- (h) other *Project* costs identified as such prior to the execution of this *Project Management Agreement* or as mutually agreed upon by the *Client* and the *Project Manager*.

but excludes any estimates of the costs of financing, profit, return on capital, return on investment or any forecasts of economic return associated with the execution of the *Project*.

11. Project Management Agreement

Project Management Agreement means this agreement between the *Client* and the *Project Manager*, including all of the documents identified in Article A-3 PROJECT MANAGEMENT AGREEMENT DOCUMENTS and any amendments thereto.

12. Project Time

Project Time means the period from the *Notice* from the *Client* to the *Project Manager* to proceed with the *Services* until the delivery of the *Services* has been completed but in no case longer than two years beyond the date that the *Project* is ready for use or is being used for the purpose intended unless mutually agreed otherwise by the *Client* and the *Project Manager*.

13. Reimbursable Expenses

Reimbursable Expenses means those expenses that are identified in Schedule B – FEES AND REIMBURSABLE EXPENSES and which are payable by the *Client* to the *Project Manager*.

14. Services

Services means the services identified in Schedule A – PROJECT MANAGER’S SCOPE OF SERVICES, and includes any other *Services* added by the parties in accordance with paragraph 1.3 of Article A-1 SERVICES.

15. Suspension Expenses

Suspension Expenses means expenses incurred by the *Project Manager*, including demobilization and remobilization expenses, which are directly attributable to suspension of the *Services* by the *Client*.

16. Termination Expenses

Termination Expenses means expenses incurred by the *Project Manager* which are directly attributable to termination of the *Services* and include the *Project Manager’s* expenses reasonably and necessarily incurred in winding down the *Services*.

17. Value Added Taxes

Value Added Taxes means such sum as levied upon the *Fee*, *Reimbursable Expenses* or the *Work* by a Federal, Provincial or Territorial Government and is computed as a percentage of the same and includes the Goods and Services Tax, the Quebec Sales Tax, the Harmonized Sales Tax, and any similar tax, the payment or collection of which is imposed by legislation.

18. Work

Work means the total construction and related services required by the *Construction Contracts*.

19. Working Day

Working Day means a day other than a Saturday, Sunday, statutory holiday or statutory vacation day that is observed by the construction industry in the area of the *Place of the Work*. Reference to a day, other than a *Working Day*, indicates a calendar day.

GENERAL CONDITIONS

PART 1 AGREEMENT DOCUMENTS

- GC 1.1 If there is a conflict within the *Project Management Agreement*, the order of priority of the documents which make up the *Project Management Agreement*, from highest to lowest, will be:
- (a) Agreement;
 - (b) Definitions;
 - (c) Any supplementary conditions to the General Conditions;
 - (d) General Conditions;
 - (e) Schedule A – PROJECT MANAGER’S SCOPE OF SERVICES;
 - (f) Schedule B – FEES AND REIMBURSABLE EXPENSES;
 - (g) Other schedules to the *Project Management Agreement*.
- GC 1.2 The documents which make up the *Project Management Agreement* are complementary, and what is required by any one will be as binding as if required by all.
- GC 1.3 Words and abbreviations with well-known technical or trade meanings are used in the *Project Management Agreement* in accordance with such recognized meanings.
- GC 1.4 References in the *Project Management Agreement* to the singular will be considered to include the plural as the context requires.
- GC 1.5 References in the *Project Management Agreement* to regulations and codes are considered to be references to the latest published version as of the signature date of the *Project Management Agreement*, unless otherwise indicated.

PART 2 LAW OF THE CONTRACT

- GC 2.1 The law of the *Place of the Work* will govern the interpretation of the *Project Management Agreement*.
- GC 2.2 The *Client* acknowledges receipt of sufficient information from the *Project Manager*, including information concerning the *Fees* and *Services* of the *Project Manager*, so as to allow the *Client* to assess the nature, extent and cost of the *Services* of the *Project Manager* and the obligations which the *Client* assumes under this *Project Management Agreement*.

PART 3 RIGHTS AND REMEDIES

- GC 3.1 Except as expressly provided in the *Project Management Agreement*, the duties and obligations imposed by the *Project Management Agreement* and the rights and remedies available thereunder will be in addition to and not a limitation of any duties, obligations, rights, and remedies otherwise imposed or available by law.
- GC 3.2 No action or failure to act by the *Client* or *Project Manager* will constitute a waiver of a right or duty afforded or imposed under this *Project Management Agreement*, except as may be specifically specified in writing.

PART 4 ASSIGNMENT

- GC 4.1 Neither party may assign this *Project Management Agreement* in whole or part without the written consent of the other, which consent will not be unreasonably withheld.

PART 5 PROJECT MANAGER'S RESPONSIBILITIES

- GC 5.1 The *Project Manager* will act as the agent of the *Client* and, except as limited in this *Project Management Agreement* and subject to the legal obligations prescribed by law, will have full authority to plan, procure, organize and manage the contracts for *Contractors* and *Consultants* for the *Project* on behalf of the *Client* in accordance with this *Project Management Agreement*. The *Project Manager* will keep the *Client* generally informed on all matters relating to the planning, development, design, procurement, construction and other aspects of the *Project*.
- GC 5.2 The *Project Manager* will provide the *Services* in accordance with this *Project Management Agreement* and with the degree of care, skill, and diligence normally provided by project managers in the performance of comparable services in respect of projects of a similar nature to that contemplated by this *Project Management Agreement*.
- The *Project Manager* will promptly notify the *Client* of any event or situation which significantly impairs the *Project Manager's* ability to perform the *Services* in whole or in part under this *Project Management Agreement*.
- GC 5.3 The *Project Manager* will maintain records of *Reimbursable Expenses* and time records for *Services* performed for which the *Fee* is computed on an hourly basis. These records will be maintained to acceptable accounting standards and made available to the *Client* at mutually convenient times during the term of this *Project Management Agreement* and for a period not exceeding one year following completion of the *Services*.

The *Project Manager* will maintain all records related to the *Services* performed pursuant to this *Project Management Agreement*. These records include information with respect to the *Project*, such as contracts, quotations, correspondences and invoices, which will be made available to the *Client* at mutually convenient times during the term of this *Project Management Agreement* and for a period not exceeding one year following completion of the *Services*.

GC 5.4 The *Project Manager* will:

- (a) not be responsible for the performance by the *Contractor*, subcontractors, suppliers or any other contractors of the *Work* or for the failure of any of them to carry out the *Work* in accordance with the *Construction Contract*;
- (b) not be responsible for the performance of the *Consultants* or for failure of the *Consultants* to carry out their services in accordance with their contracts with the *Client*;
- (c) not be responsible for, nor control, direct or supervise, the construction methods, means, techniques, sequences or procedures of the *Contractor*, subcontractors, suppliers or any other contractors;
- (d) not be responsible for acts or omissions of *Consultants*, or the *Contractor*, subcontractors, suppliers or any other contractor;
- (e) not be responsible for safety precautions and programs required in connection with the *Work* or for general site safety at the *Place of the Work* under applicable health and construction safety legislation at the *Place of the Work*; and
- (f) not be responsible for the advice of any independent expert engaged either by the *Client* or the *Contractor*, whether or not recommended by the *Project Manager*.

GC 5.5 The *Project Manager* may engage service providers or other specialists as its sub-consultants to perform discrete parts of the *Services* of the *Project Manager* in order to enable the *Project Manager* to provide the *Services*. Prior to engaging a sub-consultant, the *Project Manager* will submit to the *Client* the name of the sub-consultant, in writing, for approval. Should the *Client* reasonably object to a sub-consultant engaged by the *Project Manager*, the *Client* may request the *Project Manager* to replace the sub-consultant. In this event, the *Client* will pay all costs resulting from termination and replacement of that sub-consultant and the parties will adjust the *Fees* and time for completion of the *Services* to take into account the termination and replacement.

GC 5.6 The *Project Manager* is responsible for and will coordinate the activities of its sub-consultants.

GC 5.7 The *Project Manager* is entitled to rely upon the accuracy and completeness of information and data furnished by the *Client*, including information and data originating from *Consultants*, engaged by the *Client*.

GC 5.8 The *Project Manager* will not accept a commission or other compensation from a contractor, manufacturer, supplier, consultant or other service providers involved in the *Project*. The *Project Manager* will have no financial interest in the companies recommended by the *Project Manager* as part of the *Services*. However, ownership of less than 1% of the securities issued by a company whose securities are traded on a recognized securities exchange will not be deemed to constitute a financial interest.

GC 5.9 The *Project Manager* will review *Construction Contract Documents* and other documents prepared by the *Consultants* for the limited purpose of checking for general conformance to the objectives of the *Project* and conformance of their contracts with the *Client*, but the *Project Manager* will not have any responsibility for design errors or omissions in the documents.

PART 6 CLIENT'S RESPONSIBILITIES

GC 6.1 The *Client* will promptly fulfill all of the *Client's* responsibilities so as not to impede the *Project Manager's* orderly performance of the *Services*.

GC 6.2 The *Client* will fully advise the *Project Manager* in writing of the *Client's* requirements in connection with the *Project*, including the *Project Budget* and time constraints of the *Client*.

GC 6.3 The *Client*, when so notified by the *Project Manager*, will make available to the *Project Manager* all information or data pertinent to the *Project* which is required by the *Project Manager* to perform the *Services*.

GC 6.4 The *Client*, when so notified by the *Project Manager*, will directly engage the services of one or more specialists to provide information or to perform ancillary services that are necessary to enable the *Project Manager* to carry out the *Services*. Ancillary services may include, but are not limited to, topographic surveys and mapping of the *Place of the Work*, site services reports, technical investigations, geotechnical reports, quantity surveys and testing services. The parties will jointly agree on the selection of any such specialist.

GC 6.5 Should the *Client* not provide the information required by the *Project Manager* to perform the *Services* as mentioned in GC 6.3 or not accept the request of the *Project Manager* to engage specialists as mentioned in GC 6.4, the *Project Manager* will be entitled at the *Project Manager's* option and upon a further *Notice* to the *Client* either to terminate this *Project Management Agreement* or to be relieved of any responsibility for the consequences of the *Client's* decision not to provide the information or to engage specialists as requested by the *Project Manager*.

GC 6.6 The *Client* will ensure that *Consultants* have adequate professional liability insurance, commensurate with the services they will provide for the *Project*.

GC 6.7 The *Client* will promptly consider requests by the *Project Manager* for directions or decisions and diligently inform the *Project Manager* of the *Client's* direction or decision within a reasonable time so as not to delay the *Services* or the progress of the *Project*.

GC 6.8 The *Client* will pay the *Project Manager* as provided in this *Project Management Agreement*.

GC 6.9 The *Client* will pay the *Consultants*, the *Contractor* and any other contractors who enter into contracts with the *Client* as part of the *Project*.

GC 6.10 The *Client*, at the request of the *Project Manager*, will furnish reasonable evidence to the *Project Manager* that financial arrangements have been made to fulfill the *Client's* payment

- obligations under this *Project Management Agreement* before signing the *Project Management Agreement*, and promptly from time to time thereafter.
- GC 6.11 The *Client* will *notify* the *Project Manager* of any material change in the *Client*'s financial arrangements that affect the *Client*'s ability to fulfill the *Client*'s payment obligations under this *Project Management Agreement*.
- GC 6.12 The *Client* will provide those legal, accounting, insurance, bonding and other counselling services which are necessary for the preparation of tenders or requests for proposals and the like or for the performance of other *Services* of the *Project Manager*. If the *Client* is unable to provide such counselling services, the *Client* may request the *Project Manager* to do so on its behalf and in its name and expense. The *Client* will reimburse the *Project Manager* for expenses incurred in securing any such counselling services.
- GC 6.13 The *Client* is responsible for obtaining legal advice regarding contracts, tenders, requests for a proposal or information, bids, contract awards and the like, regarding the *Project*. The *Client* is responsible for decisions relating to the issuance, validity or award of contracts, tenders, proposals or bids and for the resulting consequences, even where the *Services* require the *Project Manager* to review or assist in the preparation of contracts, tenders, proposals or bids and the like or to make recommendations regarding them or regarding the qualification or selection of bidders.
- GC 6.14 The *Client* will arrange where necessary for the *Project Manager*'s access to the *Place of the Work* or other required locations to enable the *Project Manager* to perform the *Services*.
- GC 6.15 The *Client* will designate in writing an individual to act as the *Client*'s representative who will have authority to transmit instructions to and receive information from the *Project Manager*.
- GC 6.16 The *Client* will promptly *notify* the *Project Manager* whenever the *Client* or the *Client*'s representative becomes aware of any defects or deficiencies in the *Services*, or in the *Construction Contract Documents*.
- GC 6.17 The *Client* will obtain required approvals, licences, and permits from municipal, governmental or other authorities having jurisdiction over the *Project* so as not to delay the *Project Manager* in the performance of the *Services*.
- GC 6.18 The *Client* will not enter into contracts with *Consultants* or *Contractors* that are incompatible or inconsistent with the *Services* to be provided under this *Project Management Agreement*.

PART 7 ESTIMATES

- GC 7.1 In the event the *Services* require the *Project Manager*;
- a. to assist the *Client* in the preparation of an estimate of the probable *Project Budget* or *Project Time*, or

- b. to provide the *Client* with an estimate of the probable *Construction Cost*, whether to assist the *Client* with a call for tenders for the *Work* or otherwise,

the parties acknowledge that any estimate provided by the *Project Manager* is subject to change and is contingent upon factors, including market forces, over which the *Project Manager* has no control.

GC 7.2 In providing estimates, the *Project Manager* may rely, without verification, upon information from the *Client* or public authorities beyond the knowledge or recourses of the *Project Manager* for items such as, without limitation, :

- a) the fees and reimbursable expenses of *Consultants*;
- b) the salary and administrative costs of the *Client* directly related to the *Project*;
- c) the cost of land and any related rights or easements;
- d) the cost of approvals, applications and permits, and the services provided for those activities;
- e) the costs of items, such as equipment, furniture or fixtures, that do not form a part of the *Construction Contract*;
- f) estimates of profit, return on capital, economic return or other estimates giving rise to forecasts of economic return associated with the execution of the *Project*; and
- g) other costs deemed Project costs identified prior to the execution of this *Project Management Agreement* or as mutually agreed upon by the *Client* and the *Project Manager*.

GC 7.3 The *Project Manager* does not guarantee the accuracy of such estimates nor does the *Project Manager* represent that bids, negotiated prices or the time for performance will not vary from such estimates. More definitive estimates regarding costs and time for performance may be assessed only when bids or negotiated contracts are received for the *Work*.

PART 8 TERMINATION AND SUSPENSION

GC 8.1 This *Project Management Agreement* is terminated on the earliest of:

- (a) the date when the *Project Manager* has performed all of the *Services*; or
- (b) the date of termination if termination occurs in accordance with this GC 10 TERMINATION AND SUSPENSION.

GC 8.2 If the *Project Manager* is a natural person practicing alone (and not part of a company or a partnership) and should the *Project Manager* die or become seriously incapacitated before having supplied all of the *Services*, either the *Client* or the estate or legal representative of the *Project Manager* may terminate this *Project Management Agreement* upon *Notice* to the

- other, with effect from the date of decease or, in the case of serious incapacity, from the date of the *Notice* of termination.
- GC 8.3 If the *Project Manager* is in material default in the performance of any of the *Project Manager's* obligations under this *Project Management Agreement*, the *Client* will *notify* the *Project Manager* that the default must be corrected. If the *Project Manager* does not correct the default within 30 days after receipt of such *Notice* or if the *Project Manager* does not take reasonable steps to correct the default if the default is not susceptible of immediate correction, the *Client* may terminate this *Project Management Agreement* upon further *Notice* to the *Project Manager*, without prejudice to any other rights or recourses of the *Client*. Such termination will not release the *Client* from its obligation to pay all *Fees* and *Reimbursable Expenses* incurred by the *Project Manager* up to the date of termination in the manner provided in this *Project Management Agreement*.
- GC 8.4 If the *Client* is in material default in the performance of any of the *Client's* obligations set forth in this *Project Management Agreement*, including but not limited to the non-payment of *Fees* and *Reimbursable Expenses* of the *Project Manager* in the manner specified in this *Project Management Agreement*, the *Project Manager* will *notify* the *Client* that the default must be corrected. If the *Client* does not correct the default within 30 days after receipt of such *Notice*, the *Project Manager* may elect upon further *Notice* to the *Client* to suspend its provision of the *Services* or to terminate this *Project Management Agreement*. In the event the *Project Manager* elects to suspend, the *Client* will promptly pay the *Fees* and *Reimbursable Expenses* of the *Project Manager* that are incurred and unpaid as of the date of such suspension, plus the *Suspension Expenses*. In the event the *Project Manager* elects to terminate, the *Client* will promptly pay the *Fees* and *Reimbursable Expenses* of the *Project Manager* that are incurred and unpaid as of the date of such termination, plus the *Termination Expenses*, without prejudice to any other rights or recourses of the *Project Manager*.
- GC 8.5 If the *Client* is unwilling or unable to proceed with the *Project*, the *Client* may suspend or terminate this *Project Management Agreement* by *Notice* of 30 days to the *Project Manager*. Upon receipt of such *Notice*, the *Project Manager* will perform no further *Services* other than those reasonably necessary to suspend or terminate that portion of the *Project* for which the *Project Manager* is providing the *Services*. In such event, the *Client* will pay all of the *Fees* and *Reimbursable Expenses* incurred by the *Project Manager* up to the date of suspension or termination, plus the *Suspension Expenses* or *Termination Expenses*, as the case may be, in the manner provided for in this *Project Management Agreement*.
- GC 8.6 If the *Client* suspends performance of the *Services* at any time for more than 30 consecutive or non-consecutive days through no fault of the *Project Manager*, then the *Project Manager* may choose to terminate this *Project Management Agreement* upon *Notice* to the *Client*. In this event, the *Client* will promptly pay the *Fees* and *Reimbursable Expenses* of the *Project Manager* that are incurred and unpaid as of the date of such termination, plus the *Termination Expenses*, without prejudice to any other rights or recourses of the *Project Manager*.

PART 9 PROJECT OWNERSHIP, IDENTIFICATION AND CONFIDENTIALITY

- GC 9.1 The *Client* represents to the *Project Manager* that the *Client* is the owner of the *Place of the Work*. If the *Client* is not the property owner, the *Client* will *notify* the *Project Manager* of the identity of the property owner before signature of this *Project Management Agreement*.
- GC 9.2 The *Project Manager* will be identified on *Project* signage and promotional material whenever other *Project* design professionals are mentioned. The *Project Manager* may refer to the *Project* in the *Project Manager's* promotional material.
- GC 9.3 Information regarding the design, functionality, equipment, management, costs, or progress of the *Project* is confidential where one party has *notified* the other party of the confidential or proprietary nature of such information and where such information is not public knowledge. The parties agree not to disclose confidential information to third parties, except to the extent required for performance of the *Services* or where required by law or by mutual consent of the parties.

PART 10 INSURANCE AND LIABILITY

- GC 10.1 The *Project Manager* will carry professional liability insurance of \$1,000,000 per claim and \$1,000,000 in the aggregate within any policy year. Coverage will be maintained continuously from the commencement of the *Services* until completion or termination of the *Services* and, subject to availability at reasonable cost, for 2 years after completion or termination of the *Services*.
- GC 10.2 The *Client* may choose to increase the amount or the coverage of the *Project Manager's* professional liability insurance above that provided in GC 10.1 so as to obtain additional insurance that is specific to the *Project*. The *Project Manager* will cooperate with the *Client* to obtain such additional insurance, at the *Client's* expense.
- GC 10.3 If the *Project Manager* carries professional liability insurance for amounts greater than those specified in GC 10.1, such insurance will be available under this *Project Management Agreement* only up to the amount specified in GC 10.1 plus, if applicable, the amount of additional insurance obtained under GC 10.2.
- GC 10.4 The *Client* will provide or arrange for *Project* specific liability (wrap-up) insurance and property (builder's risk) insurance in respect of the *Project* and include the *Project Manager* thereunder as an additional insured
- GC 10.5 The *Project Manager's* liability for claims which the *Client* has or may have against the *Project Manager* or the *Project Manager's* employees, agents, representatives and sub-consultants of the *Project Manager* under this *Project Management Agreement*, whether these claims arise in contract, tort, negligence or under any other theory of liability, will be limited, notwithstanding any other provisions in this *Project Management Agreement*:
- (a) firstly, to claims brought within the limitation period prescribed by law in the jurisdiction in which the *Project* is located or, where permitted by law, within 2 years of completion or termination of the *Services*, whichever occurs first; and

- (b) secondly, to re-performance of defective *Services* by the *Project Manager*, plus:
 - (i) where claims are covered by insurance under section GC 10.1, and, if applicable, by any additional insurance under section GC 10.2 - to the amount of such insurance; or
 - (ii) where claims are not covered by insurance under section GC 10.1, and, if applicable, by any additional insurance under section GC 10.2 - to the amount of \$ 250,000.
- GC 10.6 Where the *Project Manager* is a corporation or partnership, the *Client* will limit any claim the *Client* may have to the corporation or partnership, without liability on the part of any officer, director, member, employee, or agent of such corporation or partnership.
- GC 10.7 The *Client's* and the *Project Manager's* liability with respect to any claim against each other will be limited to direct damages only and neither party will have any liability whatsoever for consequential or indirect loss or damage (such as, but not limited to, claims for loss of profit, revenue, production, business, contracts or opportunity and increased cost of capital, financing or overhead) incurred by the other party.
- GC 10.8 Subject to the limitations of liability set out in this *Project Management Agreement*, each party will indemnify the other party, to the extent of the fault or negligence of the indemnifying party, for damages and costs (including reasonable legal fees) resulting from:
 - (a) claims of third parties; or
 - (b) a breach of contractual obligations under this *Project Management Agreement* by the indemnifying party or anyone for whom that party is responsible; or
 - (c) negligent or faulty acts or omissions of the indemnifying party or anyone for whom that party is responsible.

PART 11 DISPUTE RESOLUTION

- GC 11.1 The parties will make reasonable efforts to resolve disputes arising under this *Project Management Agreement* by amicable negotiations. They agree to provide frank, candid and timely disclosure of relevant facts, information and documents to facilitate these negotiations, without prejudice to their rights and recourses.
- GC 11.2 If a dispute has not been resolved by negotiations, either party may request that the dispute be resolved by mediation by notifying the other party that it wishes the dispute to be resolved by mediation. If the parties are unable to agree upon the choice of a mediator, either party may apply to a superior court in the jurisdiction where the *Project* is located to appoint a mediator.
- GC 11.3 If one party does not agree to resolve a dispute by mediation or should mediation not resolve the dispute, either party may refer the unresolved dispute to the courts or, upon mutual agreement, to any other form of dispute resolution, including binding arbitration.

- GC 11.4 Unless the parties otherwise agree, any mediation or arbitration under this *Project Management Agreement* will be conducted in accordance with the latest edition of CCDC 40 - Rules for Mediation and Arbitration of Construction Disputes, as applied to and compatible with this *Project Management Agreement*, save that arbitration will be limited to a single arbitrator.
- GC 11.5 Any endeavour to resolve disputes arising out of this *Project Management Agreement* by negotiation, mediation or other means of dispute resolution, including arbitration, will be conducted on a confidential basis.
- GC 11.6 The parties will submit to the exclusive jurisdiction of the courts in the *Place of the Work* if a dispute is to be resolved by the courts, or if the dispute is referred to mediation or arbitration, such mediation or arbitration will be held at a location within the jurisdiction of the *Place of the Work*.

PART 12 PAYMENT

- GC 12.1 The *Client* will pay to the *Project Manager* the amount of the *Fees* and *Reimbursable Expenses* of the *Project Manager* together with applicable *Value Added Taxes*, when invoiced by the *Project Manager* for *Services* which have been rendered, in accordance with Article A5 – PAYMENT and Schedule B – FEES AND REIMBURSABLE EXPENSES.
- GC 12.2 In the event the *Client* disputes in good faith a portion of the *Fees* and *Reimbursable Expenses* invoiced by the *Project Manager*, the *Client* will pay the uncontested portion within the prescribed time.
- GC 12.3 Disputes regarding *Fees* and *Reimbursable Expenses* of the *Project Manager* will be resolved in the manner specified in PART 11 - DISPUTE RESOLUTION.
- GC 12.4 Where the *Project Manager* provides *Services* which extend beyond the period contemplated at the time this *Project Management Agreement* was signed, the *Project Manager* will notify the *Client* and, upon mutual agreement of the parties, the *Fees* of the *Project Manager* will be increased in order to take into account the extended time required for providing the *Services*.
- GC 12.5 Should the *Client* request a change to the *Project* or *Work* which requires the *Project Manager* to provide additional *Services* beyond those contemplated at the time the *Project Management Agreement* is signed, before undertaking such additional *Services* the *Client* and the *Project Manager* will agree in writing upon the *Project Manager*'s remuneration and time for providing the additional *Services*. Failing an agreement with the *Client*, the *Client* will pay the *Project Manager* for the additional *Services* at the hourly rates set out in Schedule B – FEES AND REIMBURSABLE EXPENSES and any additional *Reimbursable Expenses* incurred, and grant a reasonable extension of time to the *Project Manager* for the performance of the additional *Services*.
- GC 12.6 Should the *Client* request a change to the *Project* or *Work* which renders useless a part of the *Services* already provided, the *Client* nonetheless will pay the *Project Manager* in accordance with this *Project Management Agreement* for *Services* already provided which the change has rendered useless.

PART 13 SEVERABILITY

GC 13.1 If any provision of this *Project Management Agreement* is declared by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such provision will be severed from this *Project Management Agreement* and the other provisions of this *Project Management Agreement* will remain in full force and effect.

(End of the General Conditions. Schedules A and B next follow.)

SCHEDULES TO ACEC DOCUMENT 35

**PROJECT MANAGEMENT AGREEMENT
BETWEEN CLIENT AND PROJECT MANAGER**

SCHEDULE A - PROJECT MANAGER'S SCOPE OF SERVICES

The *Project Manager* WILL PROVIDE the *Services* next described that are marked (X) in the column entitled YES and WILL NOT PROVIDE the *Services* which are marked (X) in the column entitled NO.

A 1. Services during the Pre-Design Phase

	Description of Services	Yes	No
If all Services during the Pre-Design Phase are EXCLUDED, check this box:			
If Services during the Pre-Design Phase are INCLUDED, identify them by completing the following:			
1.1	Organization or review of the statement of requirements provided by the <i>Client</i> .		
1.2	Organization or analysis of expert and specialist studies prepared in support of the conceptual design.		
1.3	Organization or analysis of information provided by the <i>Client</i> , including conditions or methods of operations of the <i>Project</i> , and similar matters.		
1.4	Review of documents provided by <i>Consultants</i> for general compliance with project objectives.		
1.5	Preparation of reports relating to the <i>Client's</i> long-range plans.		
1.6	Participation in or preparation of specified <i>Project</i> feasibility studies.		
1.7	Provision of advice on <i>Project</i> delivery methods.		
	<i>Enter here any additional Services During Pre-Design or references to them in documents such as Requests for Proposals, Terms of Reference, or Statements of Requirements. Attach additional pages if required.</i>		

Initials	
<i>Client</i>	<i>Project Manager</i>

A 2. Procurement Services

	Description of Services	Yes	No
If all Procurement Services are EXCLUDED, check this box:			
If Procurement Services are INCLUDED, identify them by completing the following:			
2.1	Provision of advice on <i>Project</i> delivery methods and on achieving the selected <i>Project</i> delivery method.		
2.2	Assistance in the preparation of pre-qualification documents for procurement tenders or proposals.		
2.3	Assistance in the preparation of tender documents incorporating relevant <i>Construction Contract Documents</i> and other documents prepared by <i>Consultants</i> on the <i>Project</i> .		
2.4	Assistance in obtaining bids including the preparation of addenda.		
2.5	Assistance in the tendering or obtaining bids for the pre-selection or pre-purchase of equipment.		
2.6	Provision of advice on <i>Client</i> supplied materials and equipment for use on the <i>Project</i> .		
2.7	Review of bids received.		
2.8	Assistance in the procurement of engineering or architectural services.		
2.9	Assistance in the procurement of cost estimating services.		
2.10	Assistance in the procurement of other specialists required for the <i>Project</i> .		
2.11	Assistance in the procurement of specialized equipment, specialized construction services or furnishings not included in construction tenders.		
	<i>Enter here any additional Procurement Services or references to them in documents such as Requests for Proposals, Terms of Reference, or Statements of Requirements. Attach additional pages if required.</i>		

Initials	
<i>Client</i>	<i>Project Manager</i>

A 3. Services during the Design Phase

	Description of Services	Yes	No
If all Services during the Design Phase are EXCLUDED, check this box:			
If Services during the Design Phase are INCLUDED, identify them by completing the following:			
3.1	Attendance at meetings necessary to the coordination of the preliminary and detailed design and execution of the <i>Work</i> .		
3.2	Review of <i>Construction Contract Documents</i> prepared by <i>Consultants</i> for general compliance with project objectives.		
3.3	Review of preliminary and detailed design documents provided by <i>Consultants</i> for general compliance with Project objectives.		
3.4	Preparation for and/or participation in value engineering, design review or peer review programs during preliminary and detailed design.		
	<i>Enter here any additional Services During Design or references to them in documents such as Requests for Proposals, Terms of Reference, or Statements of Requirements. Attach additional pages if required.</i>		

Initials	
<i>Client</i>	<i>Project Manager</i>

A 4. Services During Construction

	Description of Services	Yes	No
If all Services during Construction are EXCLUDED, check this box:			
If Services during Construction are INCLUDED, identify them by completing the following:			
4.1	Attendance at meetings necessary to the coordination of the <i>Construction</i> and execution of the <i>Work</i> .		
4.2	Review of requests for change orders, change directives and other <i>Project</i> documentation and correspondence issued or exchanged during the course of the execution of the <i>Work</i> .		
4.3	Assistance to the <i>Client</i> in obtaining specified permits pertaining to the <i>Work</i> .		
4.4	Monitoring of compliance with construction review and testing programs which may be required by the <i>Construction Contract Documents</i> or the <i>Consultants</i> or imposed by law in connection with the execution of the <i>Work</i> .		
4.5	Review of certificates pertaining to the <i>Work</i> .		
4.6	Review of the correction of defects and deficiencies observed in the <i>Work</i> .		
4.7	Coordination of <i>Client</i> required activities during commissioning and start-up.		
4.8	Preparation of <i>Project</i> commissioning and start-up procedures.		
	<i>Enter here any additional Services During Construction or references to them in documents such as Requests for Proposals, Terms of Reference, or Statements of Requirements. Attach additional pages if required.</i>		

Initials	
<i>Client</i>	<i>Project Manager</i>

A 5. Post-Construction Services

	Description of Services	Yes	No
If all Post-Construction Services are EXCLUDED, check this box:			
If Post-Construction Services are INCLUDED, identify them by completing the following:			
5.1	Provision of advice for initial facility management or operations following delivery of the <i>Work</i> .		
5.2	Review of operating and maintenance manuals provided by <i>Consultants</i> for general compliance with <i>Project</i> objectives.		
5.3	Review of post construction deliverables as provided by <i>Consultants</i> for general compliance with <i>Project</i> objectives.		
5.4	Coordination of the rectification of deficiencies or warranty issues during the warranty period.		
	<i>Enter here any additional Post Construction Services or references to them in documents such as Requests for Proposals, Terms of Reference, or Statements of Requirements. Attach additional pages if required.</i>		

Initials	
<i>Client</i>	<i>Project Manager</i>

A 6. Consulting and Advisory Services

	Description of Services	Yes	No
If all Consulting and Advisory Services are EXCLUDED, check this box:			
If Consulting and Advisory Services are INCLUDED, identify them by completing the following:			
6.1	Assistance in the preparation of an estimate of the probable <i>Project Budget</i> .		
6.2	Assistance in the preparation of estimates of pre-construction <i>Project</i> construction cost budgets.		
6.3	Assistance in the preparation of estimates of <i>Project</i> operational cost budgets.		
6.4	Assistance in the preparation of an estimate of the <i>Project Time</i> .		
6.5	Preparation of reports relating to the <i>Client's</i> long-range plans.		
6.6	Preparation of specified operational studies.		
6.7	Preparation of cash flow projections.		
6.8	Arrangement for expert and specialist studies for use in conceptual, preliminary, and detailed design services.		
6.9	Preparation for and/or attendance at a public participation/information sessions.		
6.10	Provision of an estimate of the probable <i>Construction Cost</i> for the <i>Project</i> .		
6.11	Assistance in preparing applications and supporting documents for governmental grants, loans, and subsidies.		
6.12	Assistance in preparing applications and supporting documents for reimbursement in connection with the <i>Project</i> .		
6.13	Assistance in obtaining specified approvals, licences and permits from governmental authorities having jurisdiction over the <i>Project</i> .		
6.14	Arrangement for the translation of documents into a language other than the language of this <i>Project Management Agreement</i> .		

Initials	
<i>Client</i>	<i>Project Manager</i>

	Description of Services	Yes	No
6.15	Assistance in and/or participation in environmental assessments and impact environmental studies.		
6.16	Assistance in obtaining land or easements relating to the <i>Project</i> .		
6.17	Preparation of a project specific management plan consisting of procedures for quality control, roles and responsibilities, communications, changes to the project and corrective action.		
6.18	Assistance in litigation, arbitration, negotiation, or other legal or administrative proceedings on behalf of the <i>Client</i> , and all necessary preparation in respect thereof.		
	<i>Enter here any additional Consulting and Advisory Services or references to them in documents such as Requests for Proposals, Terms of Reference, or Statements of Requirements. Attach additional pages if required.</i>		

Initials	
<i>Client</i>	<i>Project Manager</i>

SCHEDULE B – FEES AND REIMBURSABLE EXPENSES

B 1. Fees for Services

The following table identifies the method for determining the *Fees* due to the *Project Manager* under this *Project Management Agreement* for the *Services* described in Schedule A:

Project Managers Services (Refer to Schedule A)		Select Fee Basis Applicable to this Agreement		
		Hourly Rate Fees (B 1.1)	Fixed Fees (B 1.2)	Fees as % of Construction Cost (B 1.3)
A 1	Services during the Pre-Design Phase			N/A
A 2	Procurement Services			N/A
A 3	Services during the Design Phase			
A 4	Services during Construction			
A 5	Post-Construction Services			N/A
A 6	Consulting and Advisory Services			N/A

Refer to Section B 1.1, B 1.2, and B 1.3 for a detailed description of the method for calculating the *Fees* due to the *Project Manager*.

Reimbursable Expenses (Section B 2) are additional to the *Fees* due to the *Project Manager*.

Value added taxes are not included in *Fees* and *Reimbursable Expenses*.

Initials	
<i>Client</i>	<i>Project Manager</i>

B 1.1. Hourly Rate Fees

Hourly Rate *Fees* will be calculated on an hourly basis as the *Project* progresses at the following rates:

- a) Project Manager \$ per hour
- b) Senior staff \$ per hour
- c) Intermediate staff \$ per hour
- d) Junior staff \$ per hour
- e) Clerical \$ per hour
- f) \$ per hour
- g) \$ per hour
- h) \$ per hour

The rates in this table will be applicable for (*select one*):

the duration of the *Project Management Agreement*

twelve months from the effective date of this *Project Management Agreement* at which time the rates will be increased by % , unless otherwise agreed in writing by the parties

other (*specify*)

(Enter additional provisions below. Append extra pages if required.)

Initials	
<i>Client</i>	<i>Project Manager</i>

B 1.2. Fixed Fees

Fees for the project will be calculated as a fixed fee of \$ _____, apporioned as follows:

Percentage	Milestone/Task
• % of fee for	
• % of fee for	
• % of fee for	
• % of fee for	
• % of fee for	

The fixed fees will be applicable for (*select one*):

the duration of the *Project Management Agreement*

twelve months from the effective date of this *Project Management Agreement* at which time the rates will be increased by _____%, unless otherwise agreed in writing by the parties

other (specify)

(Enter additional provisions below. Append extra pages if required.)

Initials	
<i>Client</i>	<i>Project Manager</i>

B 1.3. Fees Based on Percentage of Construction Cost

Fees will be calculated as _____ % of the *Construction Cost*, apportioned as follows (*where not applicable, insert Nil or N/A*):

- A 3 - Services During the Design Phase _____ %
- A 4 - Services During Construction _____ %
- TOTAL FEE _____ %

Fees based on a percentage of the *Construction Cost* are NOT applicable to the following Services which should be calculated either on an Hourly Rate Basis (Section B 1.1) or a Fixed Fee Basis (Section B 1.2):

- A 1 - Services during the Pre-Design Phase
- A 2 - Procurement Services
- A 5 - Post-Construction Services
- A 6 –Consulting and Advisory Services.

For purposes of Section B1.3 (Fees Based on Percentage of Construction Cost) and notwithstanding Definition 5 (*Construction Cost*), when determining *Fees* based on a percentage, the *Construction Cost* is calculated in the following manner in regard to those phases of the *Project Management Agreement* which are applicable to the *Services* to be provided by the *Project Manager*:

PHASE	BASIS FOR CALCULATION
A 3 - Services during the Design Phase	The estimate of probable <i>Construction Cost</i> at the commencement of the design phase as agreed by the <i>Project Manager</i> and the <i>Client</i> .
A 4 - Services during Construction	The estimate of probable <i>Construction Cost</i> at the commencement of the construction services as agreed by the <i>Project Manager</i> and the <i>Client</i> .

(Enter additional provisions below. Append extra pages if required.)

Initials	
<i>Client</i>	<i>Project Manager</i>

B 2. Reimbursable Expenses

Reimbursable Expenses incurred by the *Project Manager* in carrying out the *Services* are subject to a mark-up of _____ % to cover office and administrative costs of the *Project Manager*- unless otherwise agreed as follows:

(if applicable, indicate alternate methods for determining Reimbursable Expenses)

Reimbursable Expenses include the following expenses where incurred in relation to the performance of the *Services*:

- Transport, subsistence, and lodging in connection with the *Project* beyond _____ kilometres of the *Project Manager's* office. Use of vehicles will be charged at \$ _____ per kilometre.
- Long distance telephone and facsimile communications.
- Reproduction of information, drawings, specifications, and other documents necessary to the *Project*.
- Testing services.
- Courier and messenger services.
- Fees paid for securing approvals, permits, or licences from regulatory agencies having jurisdiction over the *Project*.
- Providing and maintaining *Project* site offices, telephones, facsimile as required for use by the *Project Manager*.
- Advertising incidental to the *Project*.
- Obtaining necessary legal, accounting, insurance, bonding, and other counselling services pertaining to the *Project*.
- Specialized *Project* specific computer hardware and software charges and related expenses as agreed to between the *Client* and the *Project Manager*.
- Customs, excise, or any other taxes incurred by the *Project Manager* with respect to the *Services*, but excluding *Value Added Taxes*.
- Special or increased insurance coverage required by the *Client* according to paragraph GC 10.2.
- Fees and disbursements of *Sub-consultants* required in the performance of the *Services* where not included in the *Fees* in connection with the *Project*.
- Costs incurred by the *Project Manager* in the performance of *Services* in connection with the *Project* where the *Project Manager* has obtained the prior written approval of the *Client*.

Initials	
<i>Client</i>	<i>Project Manager</i>

Enter below additional descriptions to be used. Append additional sheets if required

Empty rectangular box for additional descriptions.

Initials	
<i>Client</i>	<i>Project Manager</i>