

PEPS Fireside Chat Question & Answer Summary

Negotiation Center Updates – March 4, 2022

Q1: Did you say that escalation applies to an existing contract only if the scope is changed? Can you please explain the process?

A1: We will not retroactively apply escalation. However, if a supplemental is being executed to change the scope or extend the time, escalation can be considered at that time.

As an example, if your contract was executed in 2016, we apply escalation the same way we would if your contract was executed under the Negotiation Center currently. We go out 2 years and apply it for year 3. You would have an escalation factor for 2018, 2020, etc, depending on the length of the contract. It would be a one-time application that takes place in conjunction with the supplemental.

Q2: Does escalation only apply to projects over five years?

A2: Yes, it only applies to contracts that are five years or more in duration. That is our definition of a long-term contract.

Q3: Do you apply the profit rate the same for prime providers and sub providers?

A3: Yes. It is negotiated by the prime and applied to the prime and all subs in the same manner.

Q4: If it is an existing contract, does the district have to approve of the escalation?

A4: We have not been asking the districts to approve it. However, the district would be the one asking for an extension, so they should be aware that is a possibility.