

CAPITAL CONTRACTING OFFICE – HOURLY RATE REVIEW GUIDANCE

This guidance document is designed to help consultants and subconsultants (collectively called consultants) when completing the City of Austin (City) Capital Contracting Office's (CCO) "Key Personnel Request for Hourly Rate Approval" and "Request for Title and Hourly Rate Approval" forms that are used to negotiate loaded hourly rates. New Professional Services Agreement (PSA) contracts will require consultant to agree to this hourly rate review process. On City contracts executed before January 28, 2016, the Prime Firm and their entire project team can choose to remain under the same hourly rate structure in their contract or can opt-in to this hourly rate review process when eligible for a rate increase, during negotiations for additional services, and/or if contract amendments are required.

The following topics are presented in the order that they appear on the form:

Name of Firm, Date Submitted, Contact Person, Title, Phone and Email: The information provided should include the legal name of the firm and a point of contact that is knowledgeable and can answer questions about the information submitted.

Titles/Minimum Qualifications: The CCO provides Standard Titles and associated minimum qualification levels that are located at the following link: <http://www.austintexas.gov/department/contract-development-administration-division>. The consultant will select Standard Titles for all staff that will potentially work on City PSA contracts. In order to add new Standard Titles, the consultant will have to make a formal request for a revision to the approved hourly rate sheet and cannot use the new title(s) and hourly rate(s) until they have been approved and a revised Hourly Rate Sheet has been provided by the CCO. If the consultant wants to add a "new" title to the City's Standard Titles list, the City may review and approve a new title.

Discipline: The Consultant can add a discipline (such as **Electrical, Civil, Mechanical, etc.**) to be considered in the evaluation of the raw rate for the title. The project manager title will first be evaluated based on their Standard Title, with consideration for their additional responsibilities in the project manager role.

Key Personnel and Uniquely-Qualified Individuals: Those individuals named by the consultant in the Statement of Qualifications (SOQ) will be named in each contract (*i.e. Project Principal, Project Manager and /or Project Engineer*). Those individuals uniquely-qualified (*i.e. Nationally recognized bridge expert conducting QA/QC reviews on a bridge rehabilitation project*) for the project, will also be named in the contract as Key Personnel. Uniquely-qualified individuals must be approved by the City's Project Manager to work on a project (only that individual would be allowed to bill at that title and hourly rate). The subconsultant's Principal is considered Key Personnel and will also be named in the contract.

Raw Rate: Consultant will propose an hourly rate for each Key Personnel and Standard Title (based on their staff). Individual employees must meet the minimum qualifications to bill at that title.

Overhead Rate: CCO requires documentation to support the consultant's overhead. There are two ways that the consultant can meet this requirement. The CCO required method is that the Consultant provide an audited overhead in compliance with *Federal Acquisition Regulations (FAR) Part 31 - Contract Cost Principles and Procedures* within the prior year; or a Texas Department of Transportation (TX DOT) approved Schedule of Indirect Costs letter within the prior year. If the consultant does not meet the CCO required methods listed above, the consultant must provide a signed Statement of Overhead Rate.

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Profit: The consultant will propose profit based on degree of cost responsibility. The consultant will propose Category 1 and Category 2 profits (each discussed below) for each Standard Title and Key Personnel. During the annual hourly rate review, the proposed profits will be negotiated to apply to any City contract for the next twelve months. **All projects or assignments will use the Category 1 profit hourly rate unless projects or assignments meet the Category 2 criteria.**

- **Category 1 Profit:** Loaded hourly rate proposal and assignment in every case is Category 1. Stipulated sum proposal together with short duration (less than 2 years) and low complexity (routine) is Category 1.
- **Category 2 Profit:** Stipulated sum proposal with either high complexity or long duration (over 2 years) is Category 2. Consultant must justify basis for Category 2, which will be confirmed by City's Project Manager.

Loaded Hourly Rate: The consultant will propose loaded hourly rates based on the Category 1 and Category 2 raw rates, overhead and profit calculations and the City will review and negotiate fair and reasonable rates. During the negotiation process the City may request additional information to support the information provided by the consultant.

- **Category 1 Loaded Hourly Rate:** Result of calculation with **Category 1** profit is proposed loaded hourly rates for each Standard Title that must be reviewed and approved by CCO.
- **Category 2 Loaded Hourly Rate:** Result of calculation with **Category 2** profit is proposed loaded hourly rates for each Standard Title that must be reviewed and approved by CCO.

Signature and Name of Certifying Official: The consultant will sign the form that is submitted certifying that the information provided is true and correct.

If you have any questions or need additional assistance, please contact: Marisol Claudio-Ehalt, Program Consultant – Capital Contracting Office at Marisol.Claudio-Ehalt@austintexas.gov or (512) 974-7026 office