



**CAPITAL CONTRACTING OFFICE**  
Your partner in capital project delivery!

# Hourly Rate Review Process

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- ❑ **To ensure the City pays a fair and reasonable price for professional and consulting services.** *(Source: Texas Government Code Title 10, Subtitle F, Chapter 2254: PROFESSIONAL AND CONSULTING SERVICES Sec. 2254.003)*
- ❑ **To provide consistency in the rate review process.**

# Composition of Loaded Hourly Rate



# Raw Rates for Key Personnel

- ❑ “Key Personnel” are those individuals evaluated in the Statement of Qualifications (SOQ) and are named in each contract/assignment (*i.e. Project Principal, Project Manager and /or Project Professional [Engineer or Architect]*).
- ❑ The Subconsultant’s Principal are considered “Key Personnel” for the contract.
- ❑ When appropriate, uniquely qualified individuals are considered “Key Personnel”.

# Raw Rates for Non-key Personnel

- ❑ The City of Austin uses Standard Titles based on industry research and City data.
- ❑ All Non-key Personnel are listed by Standard Title and are not individually named in the contract.
- ❑ Consultant/Subconsultants must propose a raw hourly rate for each Standard Title utilized by their firm.
  - ❑ Staff must meet the minimum qualifications to bill at that title.
  - ❑ Consultant can request new Standard Title if a specific title is not available.
  - ❑ Consultant must provide justification to support titles used.
- ❑ Raw rate information is stored in an internal database for use by CCO Staff.
- ❑ A copy of the current Loaded Hourly Rate Sheet is included in each approved proposal.

Standard Titles can be found at: <http://www.austintexas.gov/department/contract-development-administration-division>

# Example OF CCO's Standard Titles

**Professional Engineer – State of Texas Professional Engineer (P.E.) License required. Under general supervision and using moderate latitude for independent judgment, perform routine engineering work that includes: designing, planning, overseeing work in support of construction, maintenance, alteration of structures, facilities, processes, equipment, and systems.**

- **Professional Engineer I (4+)**

P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus 4+ years of engineering work experience acquired either before or after licensing as a P.E.

- **Professional Engineer II (8+)**

P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus 8+ years of engineering work experience acquired either before or after licensing as a P.E.

- **Professional Engineer III (10+)**

P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus 10+ years of engineering work experience acquired either before or after licensing as a P.E.

- **Professional Engineer IV (15+)**

P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus 15+ years of engineering work experience acquired either before or after licensing as a P.E.

- **Professional Engineer V (20+)**

P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus 20+ years of engineering work experience acquired either before or after licensing as a P.E.

- **Professional Engineer VI (25+)**

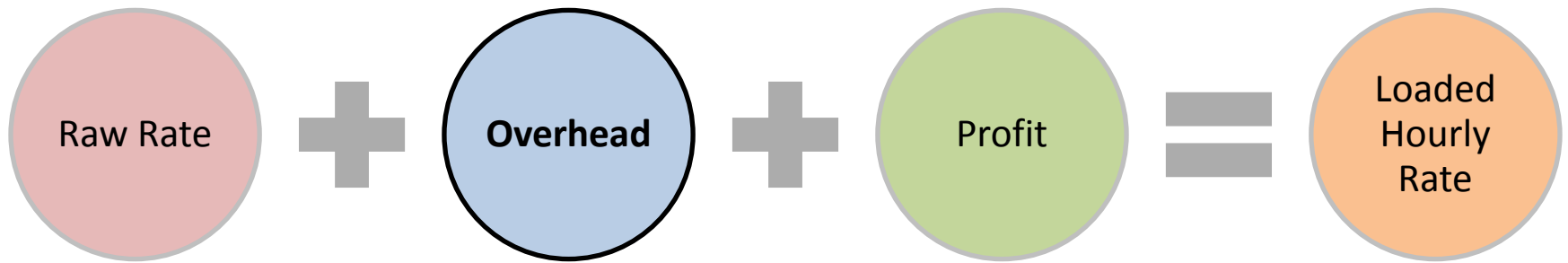
P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus 25+ years of engineering work experience acquired either before or after licensing as a P.E.

# *Raw Rate Modifiers*

Modifiers are used to give consideration for:

- Disciplines in the industry
- Additional Responsibilities (such as Project Manager)
- Certifications
- Specializations (REVIT, Tunneling, Etc.)
- Advanced Degrees

# Composition of Loaded Hourly Rate





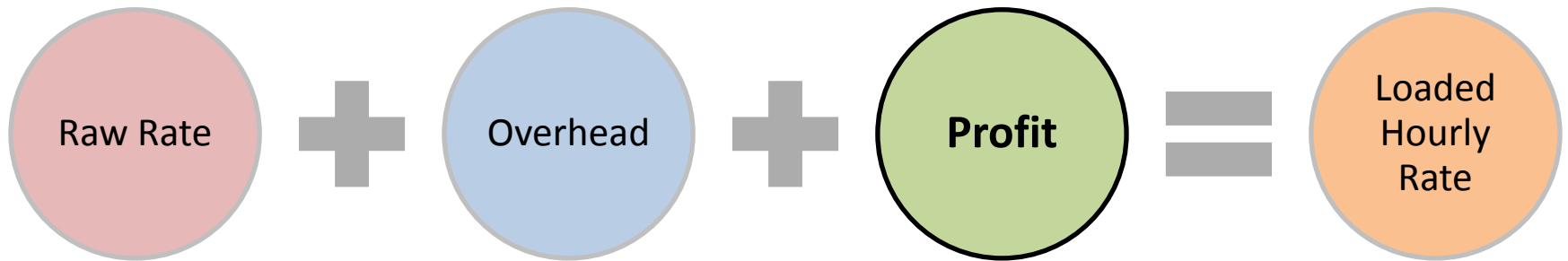
# Overhead Rate

- ❑ **CCO Requires Documentation to Support the Consultant's Overhead. There are several ways that the Consultant can satisfy this requirement:**
  - 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 within the prior year; or
  - Self-Certification based on the financial records of the company and in accordance with FAR cost principles; or
  - *The consultant agrees to an overhead rate of 90% and provides an explanation supporting their request.*

# Common Overhead Unallowable Expenses

- Bad debts
- Collection costs
- Excess compensation and distribution of profits
- Personal use of company vehicles
- Patent costs
- Relocation costs
- Travel costs in excess of Federal Travel Regulation rates
- Goodwill
- Alcoholic beverages
- Contributions or donations
- Employee gifts and recreation
- Membership in social, dining, and country clubs
- Social activities
- Fines, penalties, and mischarging costs related to violation of laws
- Life insurance on key employees
- Costs to correct defects in materials and workmanship
- Interest expense
- Lobbying and political activity costs
- Organization/reorganization legal, accounting, incorporation fees, and labor
- Capital raising (equity or long-term debt) legal, accounting and lender fees

# Composition of Loaded Hourly Rate



# Composition of Profit

- ❑ Profit is based on degree of cost responsibility.
- ❑ All projects or assignments are Category 1 rates unless they meet Category 2 criteria.
  - Category 2:
    - Lump Sum proposal for over 2 years in which the Consultant guarantees a ready-for-bid, 100% permitted set of a plans and specifications or specified deliverable.
    - No Standard Hourly Rate contract will be Category 2.

# Hourly Rate Review Process

- ❑ Hourly rates are negotiated for each Consultant and Subconsultant on an annual basis to be used for every contract or proposal.
  - CCO will send out notice to Consultants approximately 45 days prior to firm's annual hourly rate review date.
- ❑ For contracts awarded after January 2016, each proposal uses the THEN current loaded hourly rates.
- ❑ Rates remain in effect through completion of proposal.
- ❑ Rates renewal are only required for Firms with current contracts.

# Comments / Questions