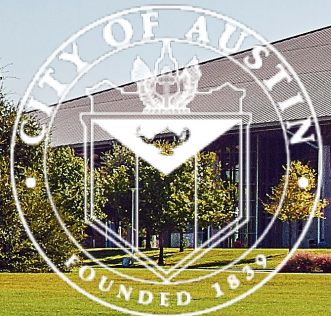




CCO Hourly Rate Review & Approval Process

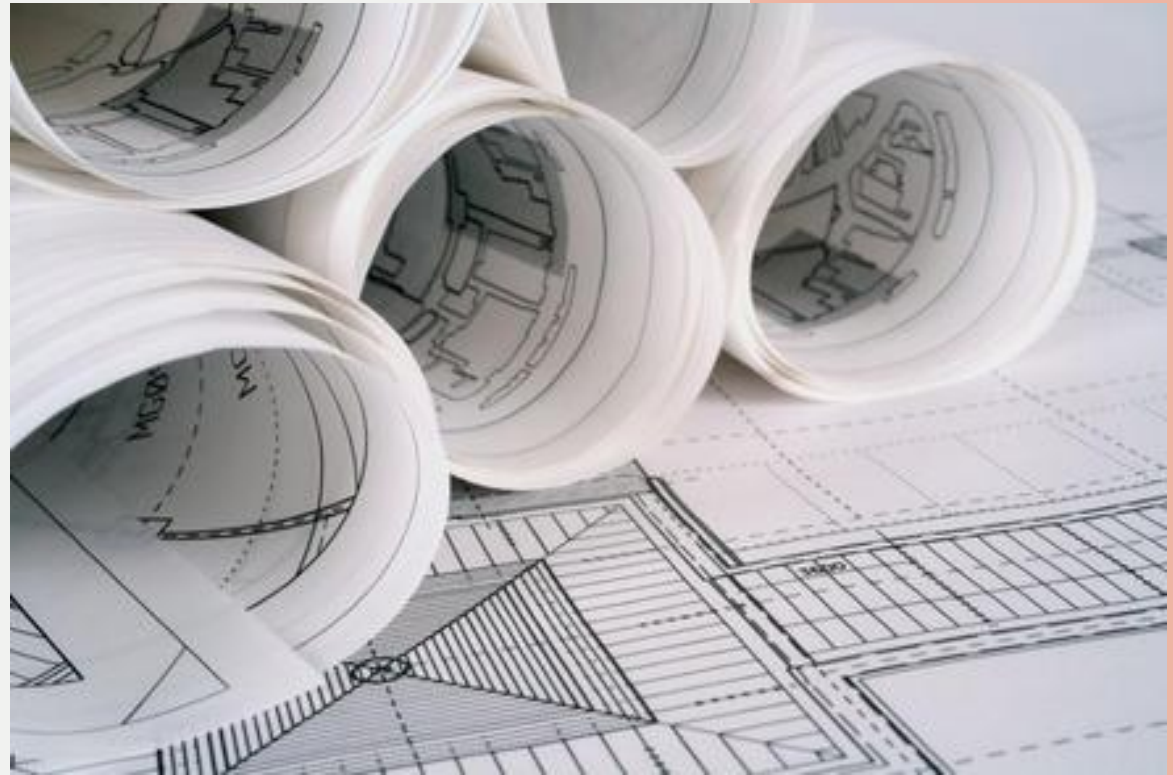
Jeremy Wall, Procurement Supervisor





Agenda

- State Statute 2254
- Hourly Rate Process Overview
- Forms
- Titles
- Renewals
- Pre-2016 Contracts
- Questions?
- Resources



The Authority-State Statute 2254

Sec. 2254.003. Selection of Provider; Fees.

(a) A governmental entity may not select a provider of professional services or a group or association of providers or award a contract for the services on the basis of competitive bids submitted for the contract or for the services, but shall make the selection and award:

- (1) on the basis of demonstrated competence and qualifications to perform the services; and
- (2) for a fair and reasonable price.

The Authority-State Statute 2254 (cont.)

Sec. 2254.004. Contract for Professional Services of Architect, Engineer, or Surveyor.

(a) In procuring architectural, engineering or land surveying services, a governmental entity shall:

- (1) first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and
- (2) then attempt to negotiate with that provider a contract at a fair and reasonable price.

The Authority-State Statute 2254 (cont.)

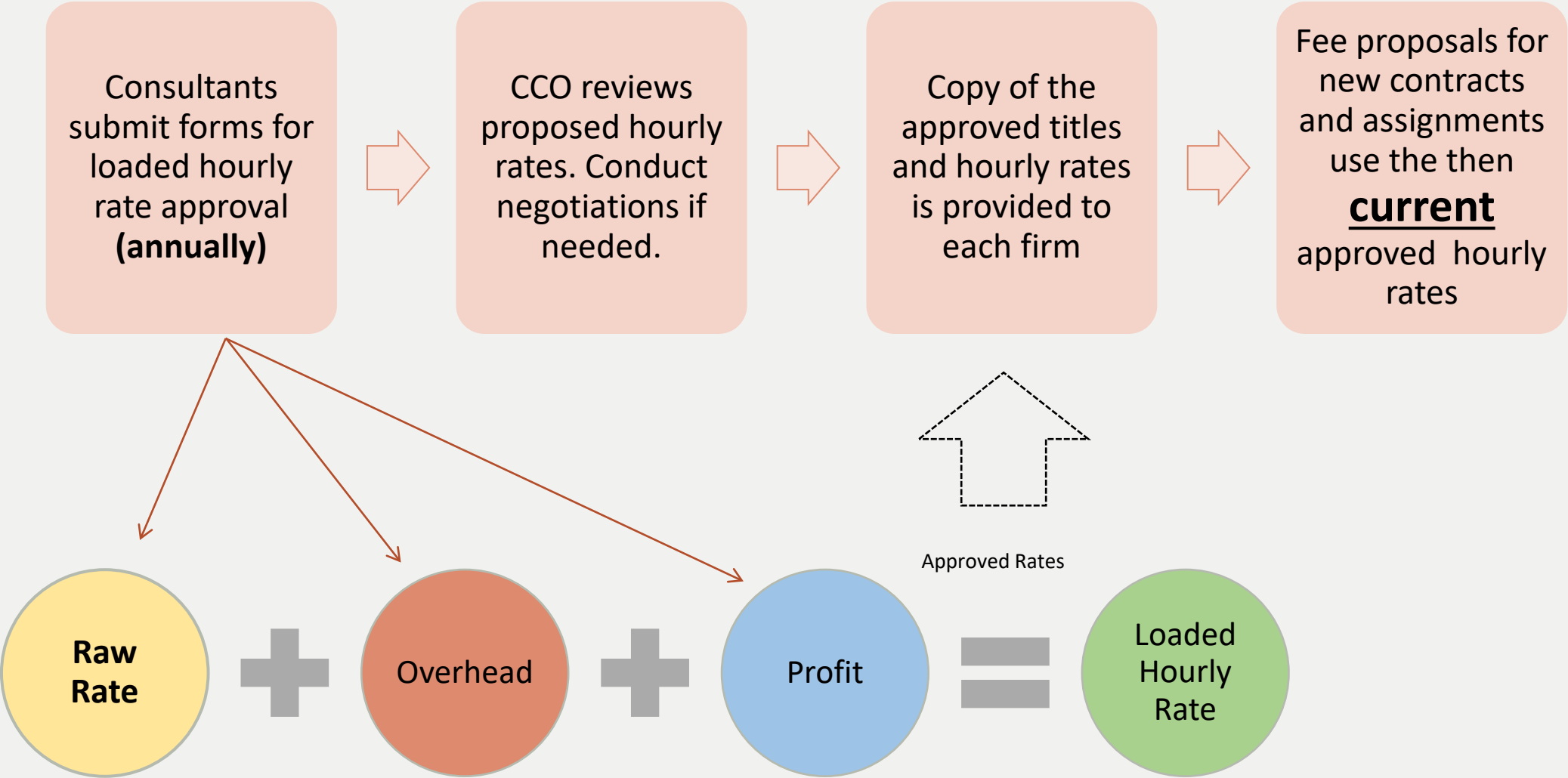
(b) If a satisfactory contract cannot be negotiated with the most highly qualified provider, the entity shall:

- (1) formally end negotiations with that provider;
- (2) select the next most highly qualified provider; and
- (3) attempt to negotiate a contract with that provider at a fair and reasonable price.

Hourly Rate Review Process

- ❑ Hourly rates will be negotiated with each Consultant and Subconsultant on an annual basis. Approved rates will be used in every fee proposals negotiated during that 12 month period.
- ❑ Once included in a fee proposal, hourly rates remain in effect through completion of the agreed upon scope in that one proposal.
- ❑ Fee proposals for added scope will use the then current approved hourly rates.

Rate Review Process Overview





Types of Rate Reviews

- **New Rates**
 - Prime firm notified after council award, or
 - Subconsultant added to compliance plan

- **Renewals**
 - Email letter sent out 45 days prior to annual rate expiration

- **Additional Rates**
 - New Key Personnel added to contract; new positions added; etc.

Rates Forms

1. Key Personnel Rate Form

- Named Person (resumes required) – Principal, President, Partner, Owner, Director, etc.
- Uniquely Qualified Individuals (i.e. Nationally recognized expert)

2. Standard Title Rate Form

- Standard titles from CCO website or title used by firm if not listed (modified to our format)

3. Statement of Overhead Rate

- Details the allowable/disallowable overhead expensed per FAR 31

4. Certificate of Overhead Rate

- Signed document to certify correct overhead percentage
- 3 options: FAR Audited/TXDOT Approved w/Letter; Self-Certification; 90% default 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]*).
- ❑ When appropriate, uniquely qualified individuals are considered “Key Personnel”.

City of Austin
 Capital Contracting Office
KEY PERSONNEL REQUEST FOR HOURLY RATE APPROVAL FORM

Name of Firm:		Date Submitted:					
Contact Person Name & Title:		Contact Person Phone & Email:					
Name of Key Personnel	Title <small>(Uniquely- Qualified Individual Must Submit Resume)</small>	Raw Rate (A)	Overhead Rate ___% (B) (C)	Cat 1 Profit ___% (D) (E)	Cat 2 Profit ___% (F) (G)	Cat 1 Loaded Hourly Rate (H)	Cat 2 Loaded Hourly Rate (I)

Raw Rate determined by consultant = **A**; Overhead calculated $[A \times B = C]$; Cat 1 Profit $[(A+C) \times D = E]$; Cat 2 Profit $[(A+C) \times F = G]$; Cat 1 Loaded Hourly Rate $[A + C + E = H]$ Cat 2 Loaded Hourly Rate $[A + C + G = I]$

NOTE: The information consultant provides will be used to negotiate your loaded hourly rates. Once approved, the loaded hourly rates are included in respective contracts, proposals or assignments. The raw rates, overhead and profit are not included in the contract; however, they are subject to Public Information Requests. If we receive a request for your information, we will send the request to the Attorney General’s Office for their determination. You would be notified if this happens and given an opportunity to send a letter stating why your information should be withheld. The City may request additional information, and audit documentation provided by the consultant, to verify titles, job descriptions, raw rates and overhead.

Raw Rates for Standard Titles

- ❑ 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.
- ❑ A copy of the current Loaded Hourly Rate Sheet is included in each approved proposal.

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.

<ul style="list-style-type: none">• 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.
<ul style="list-style-type: none">• 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.
<ul style="list-style-type: none">• 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.
<ul style="list-style-type: none">• 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.
<ul style="list-style-type: none">• 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.
<ul style="list-style-type: none">• 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.

(non-Key) Request for Title and Hourly Rate Approval

City of Austin
Capital Contracting Office
REQUEST FOR TITLE AND HOURLY RATE APPROVAL FORM

Name of Firm:		Date Submitted:					
Contact Person Name & Title:		Contact Person Phone & Email:					
Titles / Minimum Qualifications <i>(Choose from City of Austin Standard Titles)</i>	Discipline / Project Manager <i>(Modifier to the Standard Title)</i>	Raw Rate (A)	Overhead Rate ____% (B) (C)	Cat 1 Profit ____% (D) (E)	Cat 2 Profit ____% (F) (G)	Cat 1 Loaded Hourly Rate (H)	Cat 2 Loaded Hourly Rate (I)

Raw Rate determined by consultant = **A**; Overhead calculated $[A \times B = C]$; Cat 1 Profit $[(A+C) \times D = E]$; Cat 2 Profit $[(A+C) \times F = G]$; Cat 1 Loaded Hourly Rate $[A + C + E = H]$ Cat 2 Loaded Hourly Rate $[A + C + G = I]$

NOTE: The information consultant provides will be used to negotiate your loaded hourly rates. Once approved, the loaded hourly rates are included in respective contracts, proposals or assignments. The raw rates, overhead and profit are not included in the contract; however, they are subject to Public Information Requests. If we receive a request for your information, we will send the request to the Attorney General’s Office for their determination. You would be notified if this happens and given an opportunity to send a letter stating why your information should be withheld. The City may request additional information, and audit documentation provided by the consultant, to verify titles, job descriptions, raw rates and overhead. I certify that the above is true and correct:

Signature: _____ Name of Certifying Official (Print)

Modifiers to Standard Titles

- ❑ Modifiers are used to give consideration for:
 - ❑ Disciplines in the industry (Mechanical, Structural, Electrical, etc.)
 - ❑ Additional Responsibilities (Project Manager)
 - ❑ Certifications
 - ❑ Specializations (REVIT, Tunneling, Etc.)

Market Research

- Glass Door
- Salary.com
- Payscale
- Indeed
- Bureau of Labor Statistics
- City of Austin HR Website



Overhead Rate

- **CCO Requires Documentation to Support the Consultant's Overhead. There are several ways that the Consultant can satisfy this requirement.**



Certificate of Overhead Rate Form

CITY OF AUSTIN - CAPITAL CONTRACTING OFFICE
CERTIFICATE OF OVERHEAD RATE

Consultant (Legal Name of Company): _____

Date of Overhead Determination
(Within Previous Fiscal Year): _____

Overhead Rate (Shown as Percentage): _____

This is to certify that (check only one box below):

1) Consultant has an audited overhead in compliance with Federal Acquisition Regulations (FAR) Part 31 - Contract Cost Principles and Procedures or Texas Department of Transportation (TXDOT) approved Schedule of Indirect Costs. Attached is supporting documentation.

Or

2) Self-Certification - Consultant does not have a FAR audited overhead or TXDOT approved overhead rate and the Consultant has prepared and attached to this form a Statement of Overhead Rate.

The Consultant expresses and certifies that:

- the Overhead Rate was developed from the financial records of the Company;
- to the best of my knowledge the expenses included in the Overhead Rate are allowable in accordance with the cost principles of FAR; and,
- the same expenses that have been treated as indirect costs have not been claimed as direct costs.

Or

3) Consultant does not have a FAR audited overhead or TXDOT approved overhead rate and does not currently have the ability to self-certify; therefore, consultant agrees to an overhead rate of 90%. Consultant must attach to this form an explanation for not providing financial documentation supporting their overhead rate.

The information provided with this form is subject to the City's "Right to Audit" contract provision. The City may also report any breaches of professional codes of ethics to the appropriate licensing board related to any City contract.

Signature: _____

Name of Certifying
Official (Print): _____

Title: _____

Date Signed: _____

Note that you must attach documentation.

Composition of Profit

- Profit is based on degree of cost responsibility.
- All projects or assignments are Category 1 rates unless Category 2 can be justified.
- Category 2: Lump Sum proposal for over 2 years (Not hourly rate)

Pre-2016 Contracts

- Contracts executed prior to January 2016 (CLMP186) had an Attachment 3 with rates included for the life of the contract.
- Provision for an annual rate renewal within the contract upon request.
- Annual rate renewals do not apply to pre-2016 contracts with an Attachment 3. Contracts must be amended to update rates.
- **“Opt-In” Amendment is the solution**

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.

Questions?



Resources:

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

Thank You!