



# FINANCIAL SERVICES DEPARTMENT

## CIP Partners Academy – Rate Review Process June 21, 2023

Kitty Pui-Ngan Mak, Procurement Specialist

Megan Bowles, Procurement Specialist





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# Capital Contracting Hourly Rate Review and Approval Program





# Today's Agenda

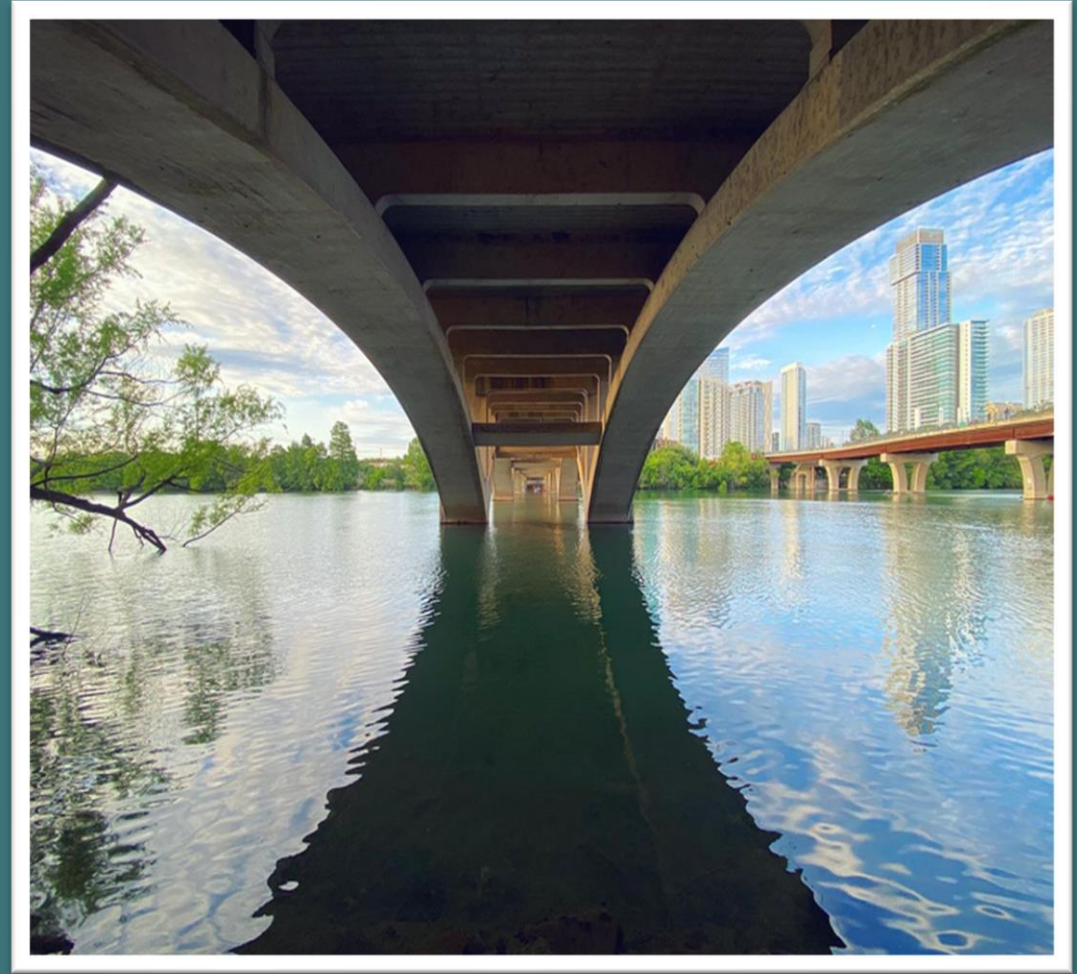


## Review Statue

## Hourly Rate Review Program

- Types
- Forms
- Counteroffers
- Titles
- Market Research
- Rates Database
- Renewals

## Special Rate Review Situation



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# The Authority

## **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) then for a fair and reasonable price.



# Hourly Rate Review Program

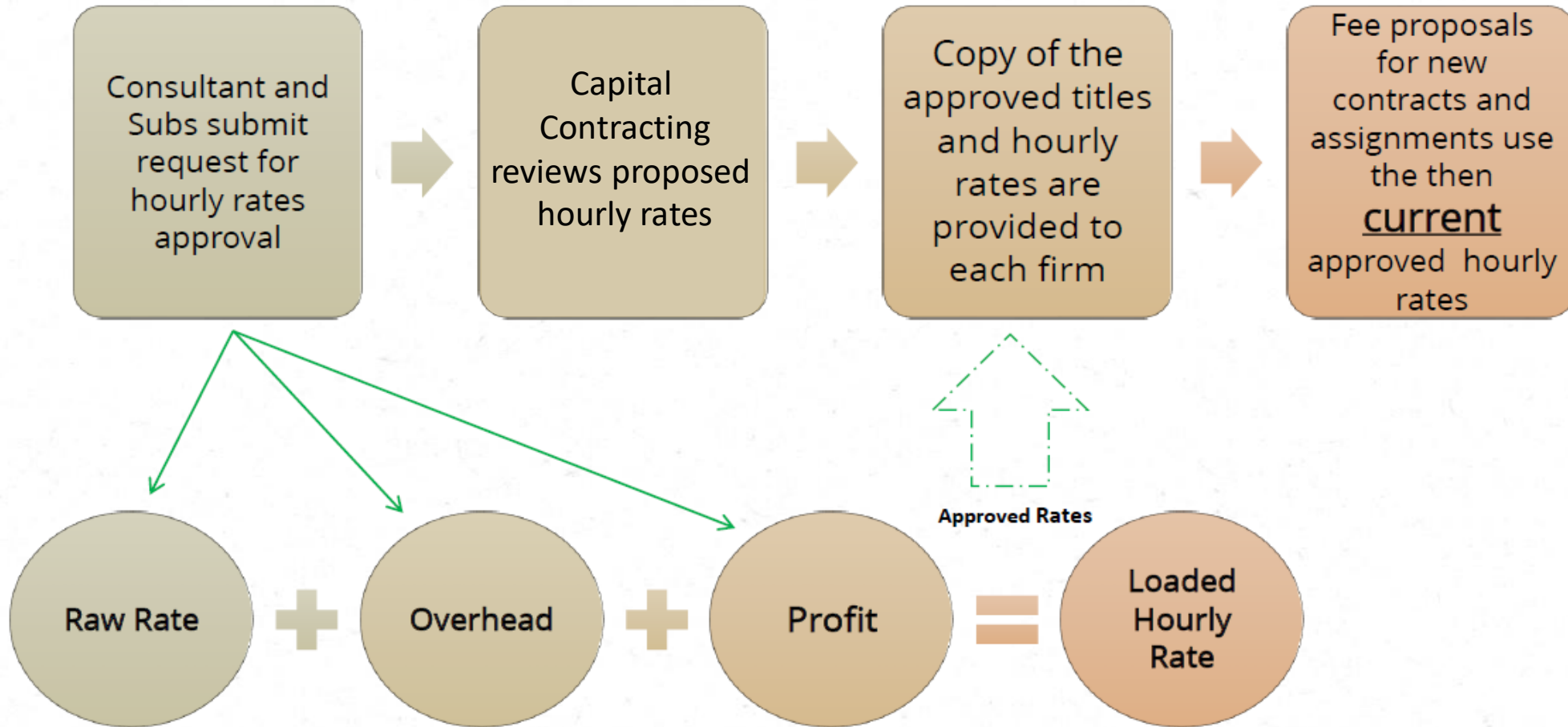
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# Hourly Rate Review Program

## New 2-year Approval

- Effective January 2021, the rate expirations were changed from 1 year to 2 years.
- There will be an automatic annual percentage increase for the 2<sup>nd</sup> year of the two-year renewal process, which will be using a market index determined in October of each year.

# Rates Review Program Summary



# Types of Rate Reviews

## New Rates

- Prime firm notified during contract kick-off meeting, or
- Subconsultant added to compliance plan

## Renewals

- Email notification sent out 60 days prior to the month of rate expiration

## Additional Rates

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

## Pre-2016 Contracts

- With contract specific rates included in the contract
- Amendment upon request from consultant, traditionally only allowed once a year (refer to the contract's terms and conditions)



The Consultant will propose a raw rate for each Standard Title and Key Personnel as well as an overhead rate and Category 1 and Category 2 Profit Rates using the City of Austin Standard Titles provided below.

Please use the following links to submit the required information:

**\*If using Google Chrome, right-click on the link and select "Open link in a new tab" or copy/paste the URL into the address bar.**

- [Rates Worksheet - Key Personnel](#) - For requesting loaded hourly rates for Key Personnel
  - <http://austintexas.gov/sites/default/files/files/Capital%20Contracting/Request%20for%20Key%20Personnel%20Rates%20Worksheet%201.28.2020.xls>
- [Rates Worksheet - Standard Title](#) - For requesting loaded hourly rates for Standard Titles
  - <http://austintexas.gov/sites/default/files/files/Capital%20Contracting/Request%20for%20Title%20and%20Hourly%20Rates%20Worksheet%201.28.2020.xls>
- [Certificate of Overhead Rate](#) - To be signed by all consultants to certify Overhead Rate during annual rate review. \*Required for ALL requests.
  - [https://www.austintexas.gov/sites/default/files/files/Capital%20Contracting/CERTIFICATE\\_OF\\_OVERHEAD\\_RATE\\_\\_11.20.2020.pdf](https://www.austintexas.gov/sites/default/files/files/Capital%20Contracting/CERTIFICATE_OF_OVERHEAD_RATE__11.20.2020.pdf)

City of Austin Standard Titles

- [Administrative](#)
- [Architect](#)
- [Computer-Aided Drafting and Design](#)
- [Engineer](#)
- [Geographic Information System](#)
- [Scientist](#)
- [Surveyor](#)

To request additional titles, submit title and job description below. Combine multiple requests into one single file.

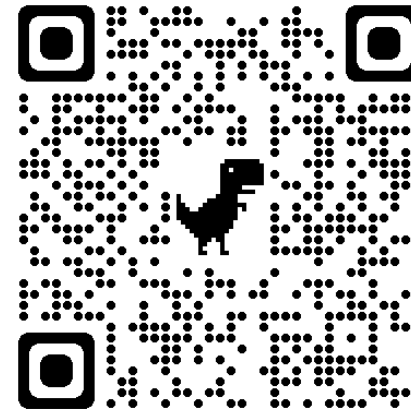
Choose File Remove File No File Chosen

Firm Name \*

Email Address \*

Consultant Representative \*

## New Website Link to Forms



[https://cityofaustin.formstack.com/forms/request\\_for\\_hourly\\_rate\\_approval\\_form](https://cityofaustin.formstack.com/forms/request_for_hourly_rate_approval_form)

# Rates Forms

## 1. Key Personnel Request for Hourly Rate Review

- Named Person (resumes required) – Project Principal, Project Manager, Project Professional, Principal, President, Partner, Owner, etc.
- Uniquely Qualified Individuals (i.e. Nationally recognized expert, QA/QC)

## 2. Standard Title Request for Title & Hourly Rate Review

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

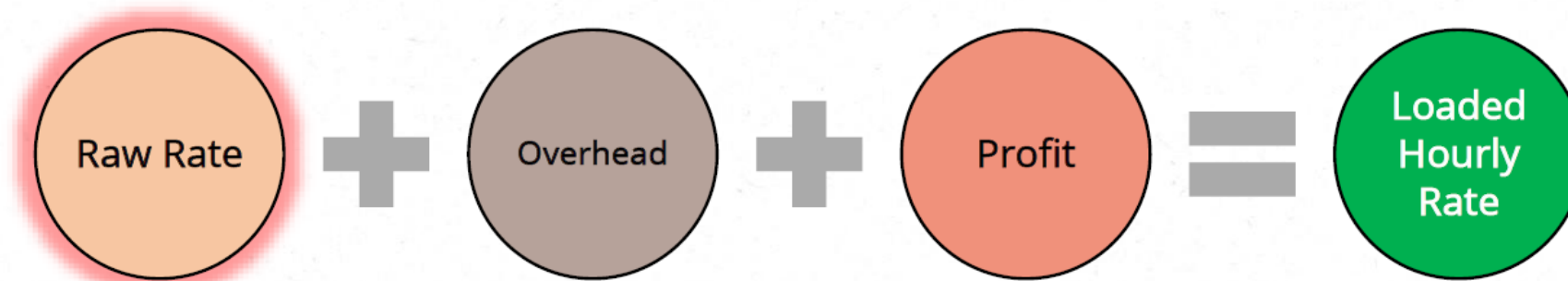
## 3. Statement of Overhead Rate

- 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 with Letter; Self-Certification; 120% default rate

# 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 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 individual 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 newly requested titles used; including position description, position level (e.g. I, II, III, etc.), and years of experience (e.g. 4-8, 8-12, etc.)

Raw rate information is stored in an internal database for use by CC Staff.

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

Standard Titles can be found at:

[https://cityofaustin.formstack.com/forms/request\\_for\\_hourly\\_rate\\_approval\\_form](https://cityofaustin.formstack.com/forms/request_for_hourly_rate_approval_form)



# Examples of Capital Contracting's Standard Titles for Professional Services



COA Standard Title	Minimum Qualifications
<p><b>Engineer in Training</b> - Engineer in Training (EIT) Certification. The term "Engineer in Training" defines a person certified as one who is a graduate of an engineering program or related science curriculum approved by the Board and who has passed the National Council of Examiners for Engineering and Surveying (NCEES) eight-hour Fundamentals of Engineering (FE) Examination. Under direct supervision of a Professional Engineer, use engineering knowledge to perform routine engineering projects/assignments requiring limited judgment within the defined methods, procedures, and practices for the application of standards and criteria necessary to fulfill the experience requirement for pursuant of a licensure as a professional engineer.</p>	
<b>Engineer in Training I (0-5)</b>	EIT Certification required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 0-5 years of related work experience.
<b>Engineer in Training II (5-10)</b>	EIT Certification required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 5-10 years of related work experience.
<b>Engineer in Training III (10-15)</b>	EIT Certification required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 10-15 years of related work experience.
<b>Engineer in Training IV (15-20)</b>	EIT Certification required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 15-20 years of related work experience.
<b>Engineer in Training V (20-25)</b>	EIT Certification required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 20-25 years of related work experience.
<b>Engineer in Training VI (25+)</b>	EIT Certification required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 25+ years of related work experience.
COA Standard Title	Minimum Qualifications
<p><b>Engineer - Professional Engineer (P.E.)</b> 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.</p>	
<b>Professional Engineer I (4-8)</b>	P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 4-8 years of engineering work experience acquired either before or after licensing as a P.E.
<b>Professional Engineer II (8 -10)</b>	P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 8-10 years of engineering work experience acquired either before or after licensing as a P.E.
<b>Professional Engineer III (10-15)</b>	P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 10-15 years of engineering work experience acquired either before or after licensing as a P.E.
<b>Professional Engineer IV (15-20)</b>	P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 15-20 years of engineering work experience acquired either before or after licensing as a P.E.
<b>Professional Engineer V (20-25)</b>	P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 20-25 years of engineering work experience acquired either before or after licensing as a P.E.
<b>Professional Engineer VI (25+)</b>	P.E. License required. Graduation from an accredited four-year college or university with major course work in engineering, plus more than 25+ years of engineering work experience acquired either before or after licensing as a P.E.





# Modifiers to Standard Titles

Modifiers are used to give consideration for:

- Disciplines in the industry
- Additional Responsibilities (such as a Project Manager)
- Certifications of related licensing
- Specializations (REVIT, Tunnelling, etc.)
- Advanced Degrees

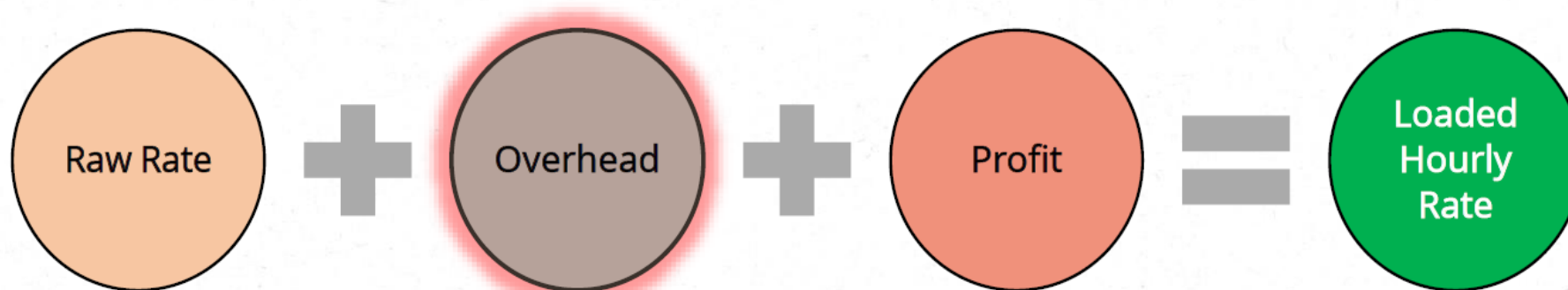


## Market Research

- American Council of Engineering Companies (ACEC)
- Glass Door
- Salary.com
- PayScale
- Indeed
- Bureau of Labor Statistics
- City of Austin HR Website



# Composition of Loaded Hourly Rate



# Overhead Rate

Capital Contracting 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 (TXDOT) approved Schedule of Indirect Costs with the Prior year; or
- Self-Certification based on the financial records of the company and in accordance with FAR Cost principals; or
- The consultant agrees to an overhead rate of 120% and provides an explanation supporting their request.

# Certificate of Overhead Rate Form

## City of Austin - Capital Contracting CERTIFICATE OF OVERHEAD RATE



FINANCIAL SERVICES  
DEPARTMENT

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 submitted with this form a Statement of Overhead Rate ([sample template](#)).

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 120%. 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): \_\_\_\_\_

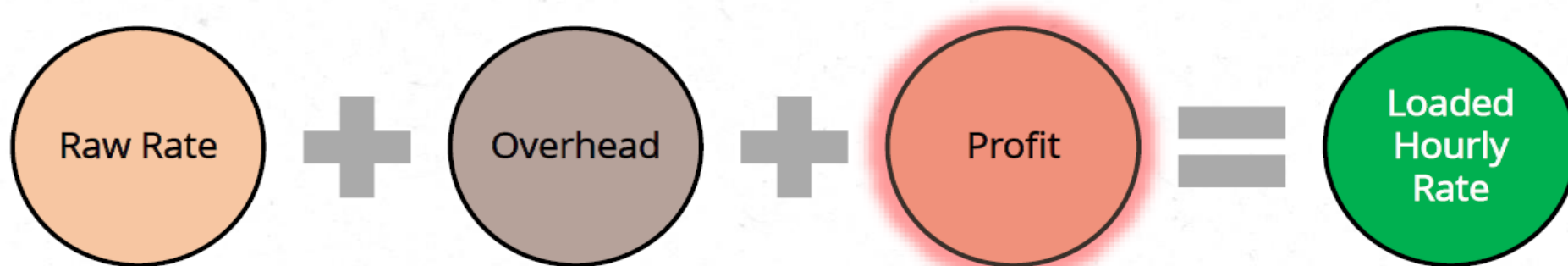
Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

# Common Overhead Unallowable Expense

- 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 of 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 will use the Category 1 profit loaded hourly rates unless projects or assignments meet the Category 2 criteria.

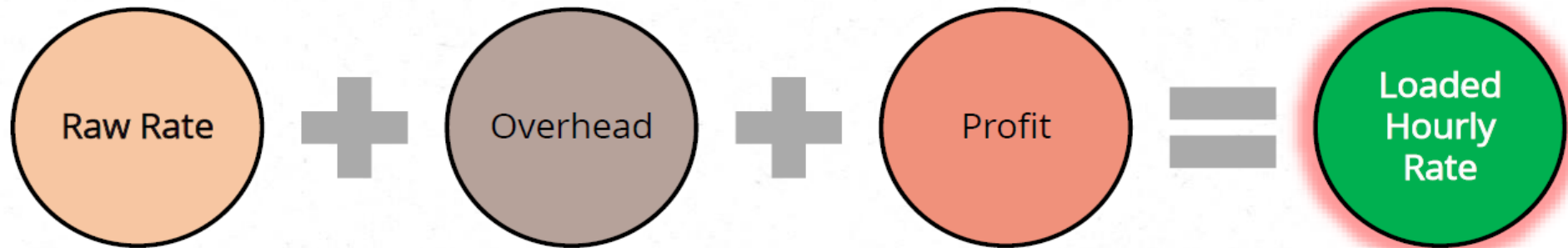
## **Category 1:**

- Standard hourly Rate fee proposal
- Lump Sum fee proposal for less than 2 years

## **Category 2:**

- Lump Sum fee 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
- Consultant demonstrates fiscal risk of the engagement and City confirms

# Composition of Loaded Hourly Rate





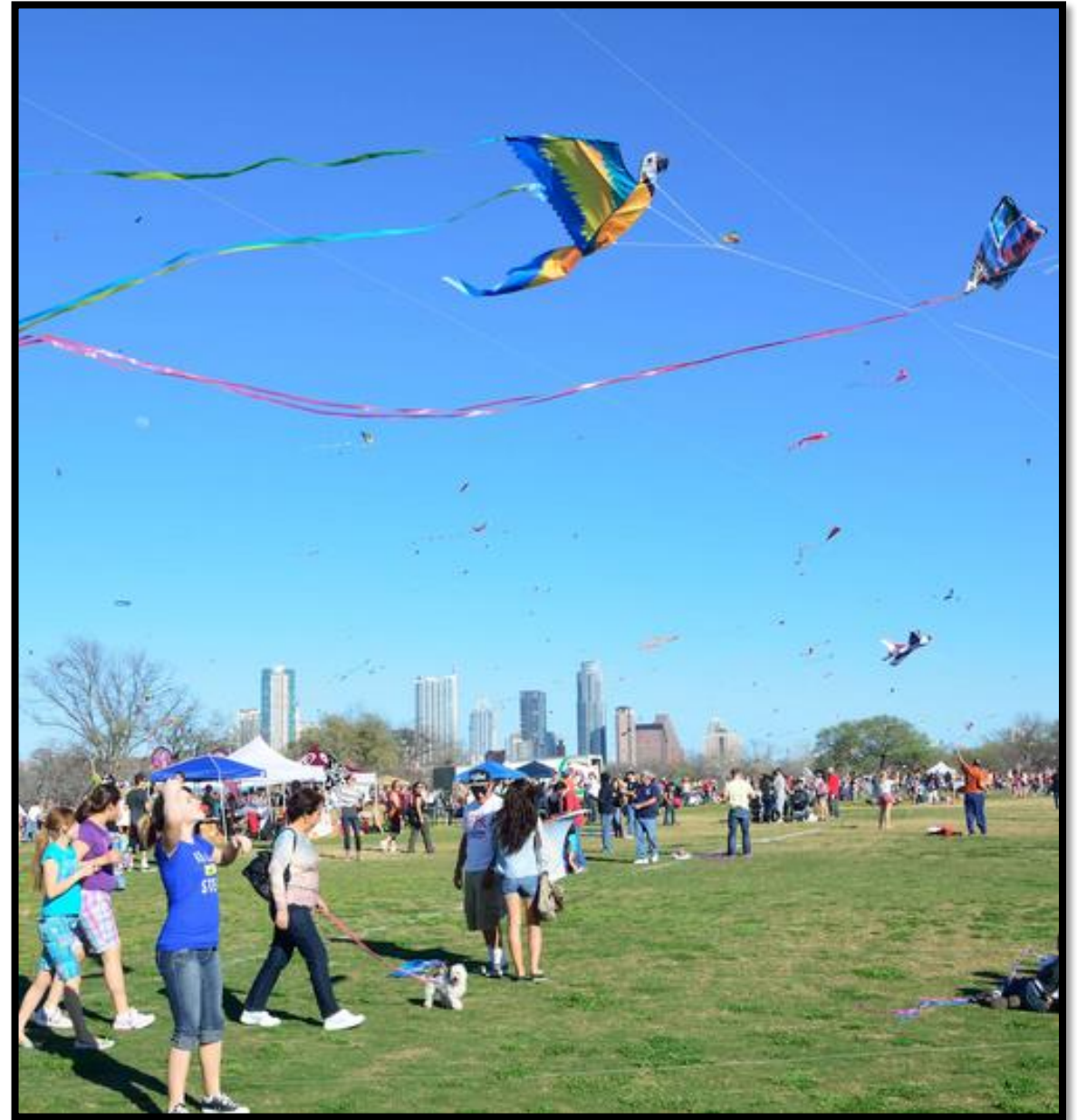
# Hourly Rate Review Program - Reminder

- Hourly Rates are negotiated for each Consultant and Subconsultant to be used for every contract or proposal.
- FDS-CC will send out notice to Consultants approximately 60 days prior to firm's hourly rate review expiration month.
- 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.



# FINANCIAL SERVICES DEPARTMENT

**Thank you**



Kitty Pui-Ngan Mak

Procurement Specialist

[kitty.mak@austintexas.gov](mailto:kitty.mak@austintexas.gov)

512.974.7055

Megan Bowles

Procurement Specialist

[megan.bowles@austintexas.gov](mailto:megan.bowles@austintexas.gov)

512.974.1404



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