



FINANCIAL SERVICES  
DEPARTMENT

# Rate Review Process Changes



# PLEASE READ

For clarification, and per the below presentation, as of April 1, 2024, Capital Procurement will no longer send reminder notifications of expiring rates.

For all consultant firms desiring rate renewals anytime after the approved rate period end date of the 2-year/current plan, or after the Year 3 approval end date of the 3-year/new plan, a request for renewal must be submitted to: [CCOProfessionalServices@austintexas.gov](mailto:CCOProfessionalServices@austintexas.gov)

*The request for renewal should be submitted no earlier than 30 days prior to the approved rate period end date (for 2-year/current plan) or year 3 approval end date (for 3-year/new plan).*

# Agenda



- Session Objective
- Effective Date and Reasons for Change
- Best Practice Research
- Old Process vs. New Process
- New Rates Process Chart and Example
- Rate Review Website
- Questions

# Objective



The objective of this training is to provide an overview of the new Professional Services Rate Review process, give an overview of the updated Rate Review website, and answer any questions attendees may have.

# Effective Date and Reasons for Changes

- The effective date of this change will be April 1, 2024
- Establish greater consistency in Rate Review process
- Create an efficient process for current and future Consultants
- Forecasted future CIP workload vs existing staff resources

# Best Practice Research

- Texas Department of Transportation (TxDot)
- State of Illinois and South Carolina
- Orange County Florida
- City of Houston
- City of Dallas
- City of San Antonio
- City of Miami

# Rates Process – Old vs. New

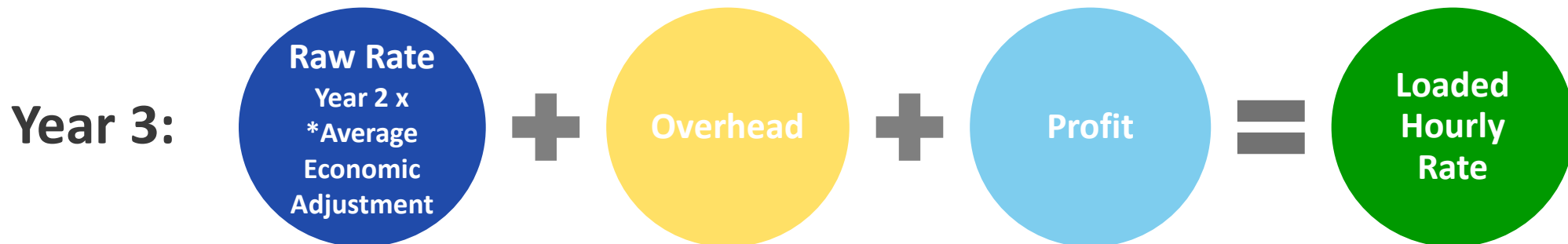
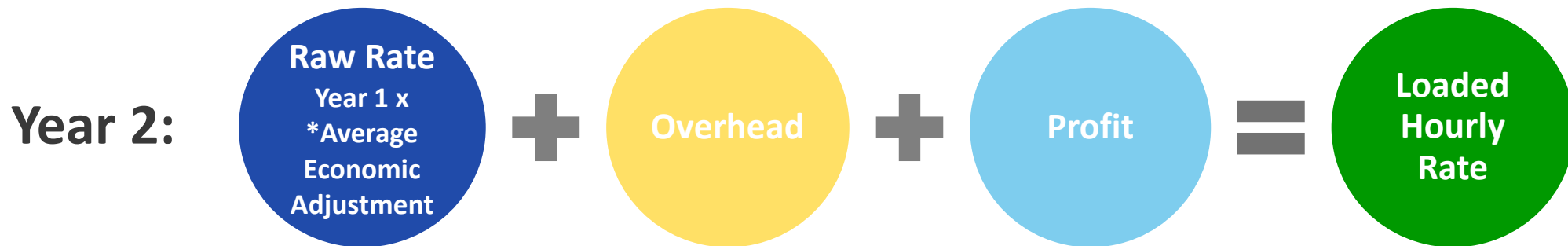
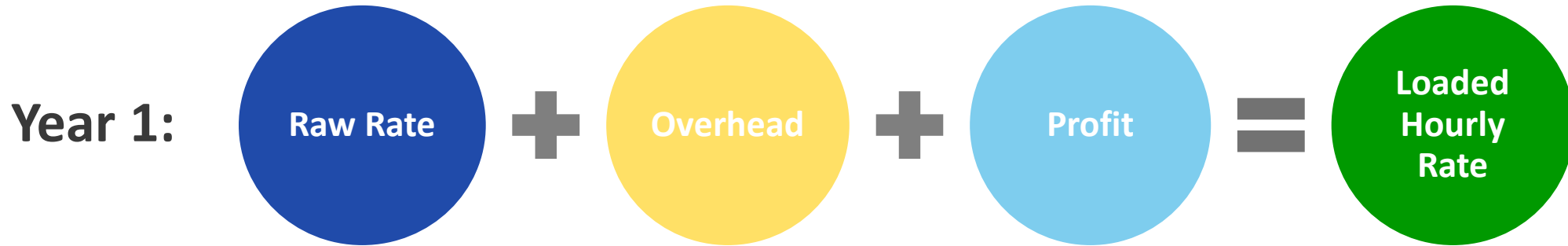
Old	New
2-year rate renewal/approval process	3-year new rate/rate renewal process, using Index Rate/Economic Adjustment (EA) Rate Average Increase for 2nd and 3rd year rates
Procurement Specialist sends reminder to Consultant approx. 60 days prior to expiration	No reminders sent to Consultants, rates do not expire (renewal upon request)
New raw rates established ANNUALLY using Index Rate/Economic Adjustment (EA) Rate increase	Rates for Years 1-3+ calculated at time of new rates establishment or renewals
Rates considered "expired" after 2-year expiration date; option to use the "last approved/expired" rates (if requested)	Rates considered most current approved rates until renewal is requested after year 3

# Rates Process – Old vs. New (Cont.)

Old	New
Loaded Hourly Rates (Raw Rate + Overhead + Profit) renegotiated every 2 years	Loaded Hourly Rates (Raw Rate + Overhead + Profit) renegotiated every 3 years (upon request only, after year3)
Requests for rate adjustments, not allowed since implementation of EA Rate increase (2 years)	Requests for rate adjustments within the 3-year period typically not allowed, may be considered in cases of unforeseeable, major changes in market conditions
Cat1 & Cat2 Profit Options (rare use of Cat2)	Only 1 Profit Margin Option (as other benchmarked entities)
New Rates: Subconsultant added to compliance plan, rates approved for 2 years	New Rates: Subconsultant added to compliance plan, rates approved for 3 years
Additional Rates: new key personnel added to contract, expiration date remains the same	No Change



# New Rates Process Chart



**\*The Average Economic Adjustment is determined over a rolling 3-year period**

# New Rates Process Example



## EXAMPLE LOADED HOURLY RATE SHEET

OH Pct: 167.2%  
Prof. Pct: 10.00%

**ECONOMIC ADJUSTMENT RATE (3 yr. history)**

2022	5.2%
2023	4.0%
2024	4.3%

**3 YR. AVERAGE: 4.5%**  
**EA Effective Date (YR 2): 1/3/2025**

Approved Rate Period:  
1/3/2024 -- 1/2/2027

Standard Titles	Name	Raw Rate	TX Lic. No.	Discipline	Current Rate 1/3/2024 -- 1/2/2025		YR 2 YR1 (+4.5%) 1/3/2025 -- 1/2/2026		YR 3 YR2 (+4.5%) 1/3/2026 -- 1/2/2027	
					Raw	Loaded	Raw	Loaded	Raw	Loaded
Administrative Assistant V (20-25)					\$27.09	\$79.62	\$28.31	\$83.21	\$29.58	\$86.94

# Capital Procurement Resources Website



FINANCIAL SERVICES  
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austintexas.gov

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Departments > Financial Services Department > Vendor Services > Capital Procurement Resources

## Capital Procurement Resources



<https://www.austintexas.gov/page/capital-procurement-resources>



# Capital Procurement Resources Website



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## **Consultant Rate Review Process**

Learn about the Consultant Rate Review process for consultants providing construction-related professional services and submit rates for approval.

**[Rate Review Process](#)**

## Consultant Rate Review Process

Under Texas State statute 2254, the City of Austin is required to negotiate a fair and reasonable price with the selected firm. Prior to awarding a contract, Capital Procurement will request the following information from the consultant and all subconsultants needed to begin the hourly rate review process:

- Select COA provided standard titles for all staff that will potentially work on the City contract.
- Provide Key Personnel named in Statement of Qualifications (SOQ).
- Propose hourly raw rate for each Key Personnel and Standard Title. Complete the [Rates for Key Personnel \(XLS, 46KB\)](#) and [Rates for Standard Titles \(XLS, 53KB\)](#) spreadsheets to determine the proposed rates.
- Provide signed [Statement of Overhead Rate](#) form.
- Propose profit based on degree of cost responsibility.

To learn more about the Consultant Rate Review Process, see the [Information Flyer\(PDF, 406KB\)](#).

### Submit loaded hourly rates

To submit loaded hourly rates for approval, complete the approval form. You'll be prompted to attach the documents identified in the bullets above.

[Consultant Rate Review Approval Form](#)



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# Statement of Overhead Rate Form



**CITY OF AUSTIN**  
**Financial Services Department – Capital Procurement**  
**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 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: \_\_\_\_\_

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City of Austin  
**Financial Services Department**  
**Central Procurement**

Your valuable partner in  
 Capital Project  
 Delivery

**CONSULTANT RATE REVIEW PROCESS**

Texas state law requires the City negotiate a fair and reasonable price with the selected firm. [Ref. Government Code Chapter 2254]

Prior to City of Austin City Council award, Capital Procurement will request the following information from the Consultant and all Subconsultants needed to begin the hourly rate review process.

**CITY OF AUSTIN STANDARD TITLES/MINIMUM QUALIFICATIONS:**

The Consultant will select City of Austin provided Standard Titles for all staff that will potentially work on City contracts. In order to add new Standard Titles, the Consultant must make a formal request for additional titles providing the job descriptions and years of experience required for each title. The Consultant can add a discipline/modifier (such as Electrical, Computer, Mechanical, etc. or advanced education) to be considered in the evaluation of the raw rate for each title. Project Managers will be evaluated based on the Standard Title, with consideration for 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 expert) for the project, will also be named in the contract as Key Personnel.

**NOTE:** 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 a Key Personnel and will also be named in the contract.

**RAW RATE:**

The Consultant will propose an hourly rate for each Key Personnel and/or Standard Title. Individual employees must meet the respective minimum qualifications to bill at that designated title rate.

**OVERHEAD RATE:**

Capital Procurement requires a signed Statement of Overhead Rate and documentation to support the Consultant's overhead. There are three ways the Consultant can meet this requirement: 1) Capital Procurement's preferred 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 the Consultant may provide a Texas Department of Transportation (TX DOT) approved Schedule of Indirect Costs letter within the prior year. If the Consultant does not meet Capital Procurement's preferred methods listed above, 2) the Consultant must provide a signed Statement of Overhead Rate and supporting documentation to justify their overhead or 3) agree to an overhead rate of 120% and provide an explanation for lack of financial documentation supporting their overhead rate.

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 CCOProfessionalServices  
 @austintexas.gov

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City of Austin  
**Financial Services Department**  
**Central Procurement**

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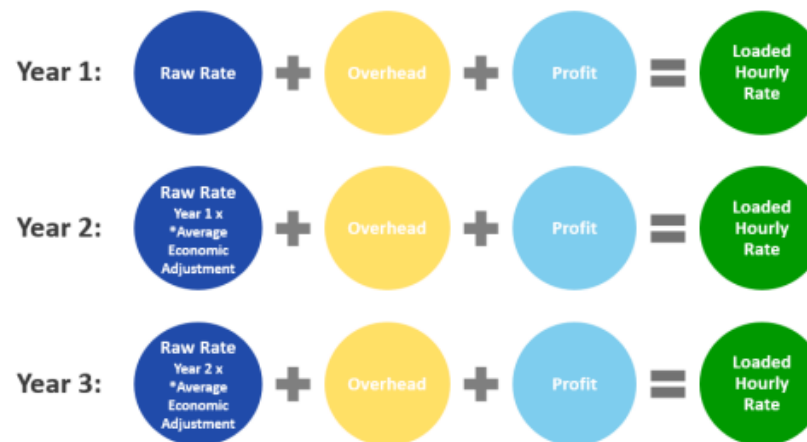
**CONSULTANT RATE REVIEW PROCESS**

**PROFIT:**

The Consultant will propose a profit rate based on the degree of cost responsibility.

**ECONOMIC ADJUSTMENT:**

The new rate/rate renewal process, uses the past three-year rolling average of the National Compensation Survey Index Rate to create the Economic Adjustment (EA). As indicated in the chart below, the year two rate is calculated by multiplying the year one rate by the three-year rolling average EA rate prior to adding overhead and profit to then determine the Loaded Hourly Rate. Subsequently, the three year rate is calculated by multiplying the year two rate by the three-year rolling average EA rate prior to adding overhead and profit to then determine the Loaded Hourly Rate.



\*The Average Economic Adjustment is determined over a rolling 3-year period

Questions? Email us:  
 CCOProfessionalServices@austintexas.gov

Visit us at:  
<https://www.austintexas.gov/departments/professional-services-division>



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# Consultant Rate Review Approval Form



The Consultant will propose a raw rate for each Standard Title and Key Personnel as well as an Overhead Rate and Profit Rate using the City of Austin Standard Titles provided below.

## City of Austin Standard Titles

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



# Consultant Rate Review Approval Form



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 \*

Procurement Specialist



# Consultant Rate Review Approval Form



## Documents

Once the worksheets are completed upload the files by selecting the respective section below. Only one file may be uploaded per section.

Resume(s) for any Key Personnel and uniquely qualified individuals must be submitted.

### Rates Worksheet - Key Personnel

[Choose File](#) [Remove File](#) No File Chosen

### Rates Worksheet - Standard Title

[Choose File](#) [Remove File](#) No File Chosen

### Certificate of Overhead Rate

[Choose File](#) [Remove File](#) No File Chosen

### Statement of Overhead Form (if applicable)

[Choose File](#) [Remove File](#) No File Chosen

### Resume(s)

[Choose File](#) [Remove File](#) No File Chosen

[Submit Request](#)



# Submittal Confirmation



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We have received your submission containing the Consultant Rate Review Documents and will contact you if additional information is needed. Should you have any questions regarding this process, please contact us at

[CCOProfessionalServices@austintexas.gov](mailto:CCOProfessionalServices@austintexas.gov)

**We will follow up with you within 14 business days.**

Thank you again, and we look forward to working with you.

# Summary



- Session Objective
- Effective Date and Reasons for Change
- Best Practice Research
- Old Process vs. New Process
- New Rates Process Chart and Example
- Rate Review Website

# Questions?

## **Rick Wilson**

Procurement Manager

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## **Matthew Duree**

Division Chief I

Matt.Duree@austintexas.gov

512-974-6346

For more information, please visit:  
<https://www.austintexas.gov/page/capital-procurement-resources>



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