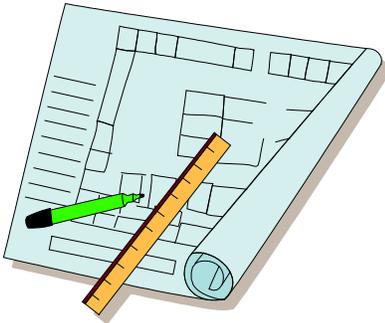


STATE OF LOUISIANA  
DIVISION OF ADMINISTRATION  
OFFICE OF COMMUNITY DEVELOPMENT

# **ENGINEERING FEE SCHEDULES AND POLICIES**

## **FOR THE LCDBG PROGRAM**



*July 2019*

**ENGINEERING COSTS AND POLICIES FOR THE LCDBG  
PROGRAM**

**NOTE:** Only funded projects are eligible for reimbursement of engineering fees.

**BASIC SERVICES**

As a guide to cost reasonableness, the maximum allowable fees for the LCDBG Program will be based on the table below. Federal procurement regulations forbid using a percentage of the estimated construction cost as the basis of a contract award. As part of the cost reasonableness determination, the contractor or proposer will need to provide cost breakdowns showing all the elements of the scope of work. The format for providing the cost breakdown can be found at:

[https://www.doa.la.gov/Pages/ocd/cdbg/about\\_lcdbg.aspx](https://www.doa.la.gov/Pages/ocd/cdbg/about_lcdbg.aspx)

[Engineering Cost Reasonableness](#)

Basic Services Table

<b>Estimated Construction Cost</b>	<b>Basic Services Fee Percentage</b>
\$0 - \$30,000	14.6%
\$40,000	14.1%
\$50,000	13.6%
\$60,000	13.2%
\$70,000	12.9%
\$80,000	12.6%
\$90,000	12.3%
\$100,000	12.0%
\$200,000	11.0%
\$300,000	10.3%
\$400,000	9.8%
\$500,000	9.3%
\$600,000	8.8%
\$700,000	8.6%
\$800,000	8.4%
\$900,000	8.2%
\$1,000,000	8.0%
\$2,000,000	7.4%

Many of the basic services can be contracted as a lump sum price (see attached appendix for types of prices); however, those services that lack a definitive work product or deliverable will be contracted on a billable hours or reimbursable cost basis.

The following services will also be considered as basic services with compensation included in the fee:

1. Services to make measured drawings of or to investigate existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by the Grantee.
2. Design or redesigning to incorporate other agencies permitting or funding requirements.
3. Surveying for the purposes of design except as provided in the "Eligible Additional Services" section.
4. Services in connection with preparing and furnishing to the Grantee a set of reproducible Project Record Drawings (As-Built Drawings) showing appropriate record information based on project documentation.
5. Reproduction of reports, drawings, specifications, bidding documents, and similar project-related items.
6. Prepare final cost estimate.
7. Supervise the bidding process, including tabulating the bid proposals, make analysis of bids and recommendations for contractor selection.
8. Conduct final inspection of work and issue final acceptance of work.
9. Reviewing construction contractor invoices.
10. Review and approve change orders.
11. Redesigning to reduce project costs to within available funds.
12. Rebidding contracts.
13. Preparing documents for alternate bids.
14. Determining the acceptability of substitute materials and equipment.
15. Services in revising drawings and specifications required by the acceptance of substitute materials or equipment.
16. Evaluating claims by the contractor.

#### NON-ELIGIBLE ADDITIONAL SERVICES

Services customarily referred to as additional services that will not be eligible for payment under the LCDBG Program include, but are not limited to:

1. Services required as a result of the Grantee's providing incomplete or incorrect project information.
2. Providing renderings or models.
3. Services (which are not part of basic services) during out-of-town travel required of the engineer other than for visits to the site or Grantee's office.
4. Providing construction phase services beyond the contract time unless liquidated damages are assessed.

5. Additional or extended services during construction made necessary by a significant amount of defective, neglected, or delayed work by the contractor.
6. Additional or extended services during construction made necessary by the acceleration of the progress schedule involving services beyond normal working hours.

Other additional services may not be eligible for payment under the LCDBG Program. The eligibility for payment for these services will be considered on a case-by-case basis.

#### ELIGIBLE ADDITIONAL SERVICES

Additional services that are eligible for payment under the LCDBG Program include, but are not limited to:

1. Providing property surveys.
2. Providing construction staking to enable the contractor to perform the work.
3. Providing extensive topographic beyond what is included in the surveying for the purposes of design.

Compensation for additional services must be requested in the LCDBG Application. **The amount of compensation and a written justification for the additional service must be included in the cost estimate portion of the LCDBG Application. The Office of Community Development will evaluate the necessity and eligibility of the requested additional service and may disallow or limit the amount of compensation allowable based on the results of the evaluation.**

Other additional services may be eligible for reimbursement under the LCDBG Program. The eligibility for reimbursement for these services will be considered on a case-by-case basis.

#### SANITARY SEWER EVALUATION SURVEY

Sanitary Sewer Evaluation Surveys (SSES) are eligible under the LCDBG Program for sanitary sewer collection system rehabilitation projects. The firm performing the SSES may be procured by the Grantee using LCDBG procurement requirements or may be hired by the engineer as a sub-consultant. Allowable engineering fees for the administration of the SSES and for basic services will be based upon the estimated work effort x the rate of compensation. Allowable Resident Project Representative fees associated with the construction project will be based only on the estimated construction cost (not inclusive of the estimated cost of the SSES). The Office of Community Development will reimburse the Grantee for the actual invoiced costs for these services up to the maximum amount allowed.

RESIDENT PROJECT REPRESENTATIVE

The engineer shall furnish a Resident Project Representative (RPR), assistants, and other field staff to assist the engineer in observing the progress and quality of the work. The RPR shall be under the engineer's supervision and normally is to be a member of the engineer's staff or a contract employee. In some cases, a qualified employee of the Grantee may be approved. In any case, the engineer shall attest to the RPR's qualifications and abilities to perform the appropriate duties and responsibilities. A copy of the RPR's current resume showing his qualifications and work history must be submitted to the Office of Community Development along with a completed and signed "Qualification Certification for Resident Project Representative" form. The Office of Community Development must approve the proposed RPR before construction begins.

The allowable reimbursement for the RPR is to compensate for the effort necessary to ensure that the construction project is properly and adequately inspected. As part of his duties, the RPR will prepare reports recording, at a minimum, the following information: project name, contractor's name, date, weather conditions, contractor's work force (indicating work classifications), equipment (in use or idled), quantities of pay items installed, deficiencies in materials or work, general observations, summary of construction activities, and RPR's signature. Each report shall be **completely** filled out. Furnishing a RPR does not relieve the engineer of the responsibility of making visits to the site at intervals appropriate to the various stages of construction.

RPR services will be contracted as a billable hours or reimbursable costs basis with an estimated cost ceiling; however, as a guide to cost reasonableness reimbursable costs from the LCDBG Program can be derived from the table below.

RPR Services Table

<b>Estimated Construction Cost</b>	<b>RPR Services Fee Percentage</b>
\$100,000 or less	5.0%
\$200,000	4.6%
\$300,000	4.3%
\$400,000	4.1%
\$500,000	3.9%
\$600,000	3.8%
\$700,000	3.7%
\$800,000	3.6%
\$900,000	3.5%
\$1,000,000	3.4%
\$2,000,000	3.0%

On projects involving a significant amount of pipe installation, i.e. water distribution systems and sewer collection systems, the RPR fees will be eligible to be increased. This is being done to compensate for the allowable added inspection effort made necessary by the nature of the work. The fee or portion of the fee associated with pipe installation will be multiplied by a factor of 1.35.

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The items eligible for the increase are items related to the main line, i.e. gravity sewer pipe, water distribution pipe, borings, force mains, fittings, fire hydrants, canal crossings, tapping sleeves and valves, flushing risers, etc. Water wells and tanks are eligible items.

Not eligible are sewer manholes, sewer services, water services, and other non-main line items.

#### TESTING AND GEOTECHNICAL INVESTIGATIONS

There will be occasions when the engineer will require a testing or geotechnical investigation to be performed for the purposes of engineering design or construction. The hiring of a firm or firms to provide these services may be accomplished by either the Grantee procuring the firm(s) in accordance with LCDBG procurement requirements and entering into a contract with the firm(s) or the Grantee may allow the engineer to contract directly with the firm(s) in which case the LCDBG procurement requirements would not apply.

The allowable basic services fee will include compensation to the engineer for providing assistance to the Grantee in the selection of the firm(s), contract negotiation and preparation, processing and handling invoices, and other associated overhead costs. The engineer will estimate the cost of testing services and geotechnical investigations in the LCDBG Application and will include a written justification for each service. The Office of Community Development will reimburse the Grantee for the actual invoiced costs for these services up to the maximum amount allowed.

#### PERMITS

For all permits, reimbursement will be made to the Grantee for the actual cost of the permit (any engineering work required for permit applications is included in the compensation for basic services).

#### APPLICATION LINE ITEMS FOR ENGINEERING COSTS

Each engineering item should be shown on the cost estimate of the LCDBG Application as a separate line item. Typical items include basic services, resident project representative, surveying (property acquisition), construction staking, testing, geotechnical investigation, etc.

**Written justification must be provided for all engineering services other than the basic services and Resident Project Representative fees. The justification is to contain an explanation of how the requested fee was derived.**

## APPENDIX

### **2019 LCDBG GRANTEE HANDBOOK PROCUREMENT Contract Prices**

#### **Lump Sum Price**

For definable work product(s) or deliverable(s) whose value can be expressed as a single price inclusive of all production costs [labor, materials and purchased service costs, allowable overhead and profit]. The contractor will bear all the risks in producing the work product or deliverable at the agreed upon price. Because of the presumed certainty of contract task or item performance that qualifies a contract task or item as a Lump Sum price no adjustments to contract price are permitted. For fixed price contracts no change in quantities for any Lump Sum task(s) or item(s) would be permitted. Payment of total contract price will be made upon satisfactory performance, delivery and final acceptance of contract task(s) or item(s).

#### **Unit Price**

For definable work products or deliverables whose value can be expressed as a single price inclusive of all production costs [labor, materials and purchased service costs, allowable overhead and profit] for contract tasks or items and will be needed in two more iterations at the same agreed upon price. The contractor agrees to bear all the risks and cost variance in producing or performing the contract tasks or items at the agreed upon price per unit and for the quantities specified. For fixed price contracts, no change in quantities are permitted.

#### **Billable Hours**

For work efforts that are composed of preponderantly personnel compensation costs with a minimum of outside purchases of materials and services needed to produce a work product or provide a service; the contractor will be reimbursed for applied work efforts at the agreed upon billable hourly rate(s) inclusive of direct labor compensation, overhead, general and administrative expenses, and profit [fully burdened] by job title.

#### **Reimbursable Costs**

For work efforts that require significant outside purchases of materials, services or from subcontractors in addition to the contractor's personnel compensation costs needed to produce a work product or service. The contractor's personnel compensation costs will be reimbursed for applied work efforts at the agreed upon hourly rate(s) by job title. The contractor's itemized outside purchases of materials and services will be reimbursed at invoice cost identifying items by quantities and/or cost per unit.