

1. Direct Payroll Costs shall consist of the estimated wages to be paid all employees of the consultant regardless of job classification, when directly engaged in work necessary to fulfill terms of the proposed agreement.

This estimate shall show a breakdown of man hours and direct salary costs by classification of employee for each of the following work items: (1) survey and preliminary engineering, (2) preparation of relocation plans and cost estimates and (3) construction engineering and inspection. These three work items are the minimum required and may be further broken down to conform to the consultant's accounting procedures. The following is an example of this cost breakdown, which shall be attached to the proposal.

ESTIMATED DIRECT PAYROLL COSTS

Survey & Preliminary engineering

Civil Engineer	hours @ \$	= \$
Draftsman	hours @ \$	= \$
Survey Party Chief	hours @ \$	= \$
Chainman	hours @ \$	= \$
Rodman	hours @ \$	= \$
TOTAL _____	hours	\$ _____

Prep. of Relocation Plans & Cost Estimates

Chief Engineer	hours @ \$	= \$
Civil Engineer	hours @ \$	= \$
Draftsman	hours @ \$	= \$
_____	hours	\$ _____

Construction Engineering & Inspection

Civil Engineer	hours @ \$	= \$
Draftsman	hours @ \$	= \$
Inspector	hours @ \$	= \$
TOTAL _____	hours	\$ _____

Total Estimated Direct Payroll Cost \$ _____

2. Indirect costs are those not directly chargeable to the project. Elements of costs which are eligible for reimbursement as indirect costs are limited to those which comply with Federal Procurement Regulations.

Consultants that are involved in highway design contracts with the Department shall use the indirect cost percentage approved by the Department for such contracts. Consultants without prior Department approval of indirect cost percentages may, for estimating purposes, use their current overhead rate based on previous year audit. In either case this calculation is only a provisional rate for estimating purposes and actual costs will be substantiated by Department audit.

3. The amount shown for profit shall be fair and equitable and shall not normally exceed 15% of the combined direct payroll and indirect payroll costs estimated to be incurred by the consultant; profit on direct costs other than payroll and on direct costs by others is not allowed (see Item 4). The consultant is required to explain how the profit figure was derived. The dollar amount shown for profit will be a fixed fee, adjustable only when justified by a change in the scope of work required under the original proposal and basic design agreement.

4. Direct in-house costs, other than payroll (e.g.: subsistence, travel, printing, reproduction, etc.) and direct costs by others hired by the consultant to perform engineering related work (e.g.: core borings, surveys, etc.) shall be estimated separately; profit is not allowed for such costs.

The consultant's proposal shall provide an engineering cost estimate prepared in accordance with the following example.

**ENGINEERING COST ESTIMATE
ACTUAL COSTS PLUS A FIXED FEE FOR PROFIT**

- A. Estimated Direct Payroll Costs (DETAILED estimate per No. 1, above) \$ _____
- B. Estimated Indirect Costs: ___ % of Direct Payroll \$ _____
- C. Estimated Total Engineering Costs (A & B) \$ _____
- D. Fixed Fee for Profit \$ _____
(The amount shown for profit shall be explained by the consultant and shall not normally exceed 15% of "C".)
- E. Estimated direct costs other than payroll and direct costs by others. \$ _____
- F. Total Engineering Costs \$ _____

NOTE: Item "F" includes Estimated amounts for Items A, B & E which will be reimbursed at actual costs and Item "D" which will be paid as a fixed fee in the dollar amount shown.