



Western Michigan University  
Facilities Management Department  
Project Fee Policy

## **Purpose**

To establish a policy to calculate project fees and contingencies for all projects performed within Facilities Management.

## **Policy**

In addition to the cost of labor and materials, the following four items are included in the final project budget:

- 1) **Contingency** - Because no one can predict the exact cost of a project, the contingency is a "safety margin" amount that is used to fund unknown tasks during a project which our professionals were unable to identify during the design/estimating phase. This contingency is also commonly used by the customer to support additional work that they identify as their project proceeds. Depending on the project and situation, contingencies range from 5% to 20% and if not used, are always returned to the customer.
- 2) **General Conditions** - This amount, which is commonly 5% of the approved budget, supports various accessory tasks such as material delivery, clean up and disposal of construction debris and is returned to the customer if it is not used.
- 3) **Administrative fees** - This fee is used to support the Planning and Construction Staff who estimate, plan and direct the planning and construction operations. This fee ranges from 6% to 8% (see table below) of the approved project budget. For projects involving in-house labor, the administrative fee is part of the hourly labor costs and therefore no additional fees will be calculated on in-house labor charges. This fee is charged if external labor is used. Upon completion of the project, all fees will be recalculated based upon actual expenses on a project close out sheet FM-104. This fee is charged to the project at time of close out after recalculation.
- 4) **Design Fees** - Project designs are the professional "work product" of the Construction and Engineering Staff and have a significant intrinsic value and thus a corresponding cost. This fee is normally 7 ½ % of the approved project budget-see table below for details.

Exceptions to the policy regarding administrative fees and design fees are those special funded projects listed below.

**State funded projects** – All professional Facilities Management staff who assist in the planning, estimating, design, and construction of Facility projects will accumulate their time on a PR work order. The administrative fee is then calculated on an hourly basis utilizing the employee’s wages and benefits. Upon completion of the project, actual labor recorded on the PR work order will be charged to a separate funding source. This fee is paid from other sources of University funding and per State requirements cannot be paid out of the project which is receiving the state funds.

**Projects funded by Tax-exempt bond proceeds** – All professional Facilities Management staff who assist in the planning, estimating, design, and construction of Facility projects will accumulate their time on a PR work order. The administrative fee is then calculated on an hourly basis utilizing the employee’s wages and benefits. Upon completion of the project actual labor recorded on the PR work order will be charged to the project.

**Projects funded by Utility funds** – Projects funded 100% from Utility funds will not be charged an administrative or design fee. Utility projects will be run by the Engineering staff who are entirely funded by the Utility fund. Thus no fee should be collected and remitted to the Planning and Construction surcharge account.

**Note:** Any deviation from the calculated administrative or design fee will need to have approval from the Director of Construction and the Associate Vice-President of Facilities Management. This approval will be noted on the FM-104 Project close out sheet.

Approved Project Amount	Admin Fee	Design Fee If Applicable
Up to \$999	\$50.00	\$75.00
\$1,000 to \$1,999	\$100.00	\$150.00
\$2,000 to \$100,000	8%	7.5%
\$100,000 to \$1,000,000	7%	7.5%
\$1,000,000 & over	6%	7.5%