

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
Bismarck, ND 58502**

March 3, 2004

SUBJECT: Water and/or Waste Projects
Guide for Engineering Fees

TO: Rural Development Program Section

PURPOSE/INTENDED OUTCOME: Provide a guide for use by Engineers in establishing fees for a specific project.

COMPARISON WITH PREVIOUS AN: No change in fees as set out in previous AN. This AN replaces ND AN No. 1393 (RUS 1780) dated April 1, 2003.

IMPLEMENTATION/RESPONSIBILITIES: Attachment A will be used as a guide/reference by Engineers in establishing fees for specific projects.

/s/ Clare A. Carlson

CLARE A. CARLSON
State Director

Attachment

EXPIRATION DATE:
March 31, 2005

FILING INSTRUCTIONS:
Following RUS Instruction 1780

USDA Rural Development is an Equal Opportunity lender, provider, and employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

GUIDE FOR ENGINEERING FEES – BASIC SERVICES ONLY

1. Engineering expenses incurred by applicants prior to submission of application, must be paid from their own resources. The AGENCY assumes no responsibility or liability for these obligations. However, funding requests may include a request for reimbursement of reasonable engineering costs incurred after submission of application and prior to loan approval.
2. Engineering Fees will normally be based on a Percentage Construction Cost, Lump Sum Price, Cost Reimbursement, Hourly Rate, or some variation of these standard contract types. The AGENCY does not require a “not-to-exceed” percentage of construction fee schedule.
3. The following may be utilized as a GUIDE to reasonable engineering fees for projects of average complexity (new water and sewer extensions, new water and sewer systems, new rural water distribution systems, etc.), recognizing that when contracts or phases of a project must be bid separately, engineering compensation may be computed separately for each contract or phase. Also, for projects of increased complexity such as water treatment plants, multiple prime contracts, renovations, and other more difficult projects, the compensation will likely be higher than the guide curve. Reasonable adjustments to the curve are indicated at the bottom and depend on the scope of the individual project.

Construction Cost in \$	Engineering Fee	% Construction
\$ 100,000	\$ 13,000	13.0%
\$ 220,000	\$ 25,100	11.4%
\$ 420,000	\$ 41,700	9.9%
\$ 720,000	\$ 63,320	8.8%
\$ 1,470,000	\$112,700	7.6%
\$ 2,470,000	\$171,070	6.9%
\$ 6,470,000	\$387,070	6.0%
\$13,470,000	\$754,570	5.6%

For Construction Costs in-between those listed, prorate to arrive at percentages.

SUGGESTED COMPLEXITY ADJUSTMENTS TO BASE FEE GUIDE

1. Site specific construction (Water treatment plants, pump stations, multiple contracts, buildings etc.) 2 to 3%
2. Renovation of existing facilities 2%
3. Expansion of existing facilities 2 to 3%

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