
GUIDELINES:

Issued: September 1, 2010

Revised: September 1, 2011

PURPOSE:

The purpose of this policy is to outline the guidelines for the administration of project management fees for capital and minor projects for the University of Houston (UH) system and all campuses.

DEFINITIONS:

- A. Budget Transfer:** Budget transfer is to initiate movement of funds from the school or department to Plant Operations.
- B. Project Funding:** Funding is the movement of cash through PeopleSoft from a school or department to the Plant Operations cost center.
- C. Project Estimate Fee:** Project estimate fee is a flat \$500 assessment to projects in excess of \$20,000. The fee is charged to the school or department immediately upon request for an estimate for a future project. If the project moves forward, the estimate fee will be deducted from the 3% project management fee.
- D. Project Management Fee:** The FPC project management fee is 3% of the total project costs and a sliding fee scale is used (referenced below) for FM projects. These fees are assessed by Plant Operations for project management services.
- E. Total Project Cost:** The total project cost is the all-inclusive cost of a project including any modifications and or change requests.

POLICY GUIDELINES:

I. Facilities Planning & Construction (FPC) Projects

- A. A 3% project management fee is included during the initial project budget for all capital and minor projects managed by a project manager at UH. The fee is assessed to recover overhead costs associated with the administration and management of projects.
- B. Upon the projects approval and notice to proceed, the 3% project management fee is administered on a percentage of completion basis in accordance with the following schedule:
 - 10% Funding and/or RFQ/RFP submission
 - 15% Schematic Design Completion
 - 20% Construction Completion
 - 25% Construction Mid-Point
 - 20% Substantial Completion
 - 10% Project Close-out

II. Facilities Management Projects

- a. A \$500 minimum project estimate fee will be charged on projects in excess of \$20,000. If the project proceeds, the \$500 estimate fee is applied towards the project management fee.

- b. A project management fee is administered through an automated process as expenses are incurred in accordance with following sliding fee scale listed below. For specific information related to project management fees, please contact the Project Manager.

Project Total of Type	Fee
Cost Less than \$100K	6%
Cost from \$100K to \$500K	5%
Cost from \$500K to \$4M	3%
Architectural or Engineering Studies	6%
Infrastructure	5%

- If change orders are administered after initial funding an additional percentage will be captured on the total project cost at close-out.
- A. Project Managers (PM) are responsible for ensuring the total project cost is reflective of the administered project management fee and any other modifications or changes that impact the original project budget. In addition, the PM's are responsible for continuous update of key project dates and/or milestones.
- B. Upon substantial completion, the General Accounting department will perform a preliminary reconciliation for the project and inform the Project Manager of any identified discrepancies.
- C. Upon notice of close-out, the General Accounting department will perform the final project reconciliation within 30 – 60 business days. All remaining funds will be returned to original funding source.
- D. The project management fee will be assessed on a monthly basis for projects up to \$1 million dollars. Projects in excess of \$1 million will be assessed on a quarterly basis. The schedule for assessment is as follow:

Assessment	Period	Accounting	Reporting
Monthly, Less than \$1 Million	Prior Months Business	25 th Workday	30 th of each Month
Quarterly, Greater than \$1 Million	1 st Quarter September 1 – November 30	December 20 th	December 30 th
	2 nd Quarter December 1 – February 28/29	March 20 th	March 30 th
	3 rd Quarter March 1 – May 31	June 20 th	June 30 th
	4 th Quarter June 1 – August 31	September 20 th	September 30 th

REVIEW and RESPONSIBILITIES

- Responsible Party: Plant Operations Project Accounting & Contracts
- Review: Every two (2) years