

Project Fee Assessment Policy

Revised: May 1999 and March 2005

Subject:	Physical Plant
Policy:	Project Fee Assessment Policy
Revised:	Winter, 2004
Effective Date:	March 3, 2005
Review Date:	February 2015
Sponsor:	Facilities Services Advisory Committee

Introduction and Purpose:

While all MSU facilities are owned by the State of Montana and MSU, neither all facilities nor all renovation or construction projects are funded with state appropriated funding. In addition to the ongoing operations and maintenance of all state facilities at MSU-Bozeman, the Office of Facilities Services (OFS) is charged with administering professional criteria and standards for the design, construction, and maintenance of all facilities at MSU. This responsibility includes project management, construction administration, and project inspection for all construction work. OFS is funded for a minimal staffing level relative to the critical operations and maintenance needs of the university, and management of state appropriated projects. However, accommodating the increased demands resulting from projects funded with non-state appropriated funding significantly decreases the ability to provide the necessary support for ongoing maintenance, operations and future planning relative to the institution's state-funded facilities.

This policy recognizes that the execution of non-state funded projects requires significant OFS time and human resources beyond that funded by the state and establishes a fee-based method to provide funding in support of the necessary additional resources. In addition, state auditors desire to see that OFS state-appropriated funding is not being used to supplement non-state funded projects.

Policy:

In order to help offset some of the impacts of additional project responsibilities imposed upon the Office of Facilities Services, non-state funded projects that typically utilize outside design firms and tend to require project engineering, project management, field inspection, and contract administration and accounting will be assessed a Project Fee based on a graduated scale as shown below.

This fee is in addition to project consulting, engineering, design fees, A&E Division fees, and other project costs and will be assessed on projects funded by non-state appropriated sources including, but not limited to, federal and private funds, recovered indirect costs, auxiliary funds, parking funds, student building funds, other lawful purpose funds, etc. The fees will also apply to the non-state-funded portions of projects funded by a combination of state appropriated and non-state appropriated funds. Such project fees will accrue directly to OFS. It is specifically recognized that these project fees represent an approximation of the costs generated by the impacts noted above and that these fees DO NOT represent a pre-payment for project management services to be delivered on any specific project.

Procedures:

The project fee for non-state funded projects will be assessed according to the following scale, relative to the total project budget.

<u>Total Project Budget</u>	<u>Project Fee</u>
\$500k or less	3.0%
\$500k - \$1 million	2.0%
\$1 million - \$5 million	1.5%
\$5 million or more	1.0%

Internal Control Considerations:

For projects funded with non-state appropriated funding (federal, private, auxiliaries, recovered F&A, parking revenue, etc.), authorized by either the Legislature or the Board of Regents, state auditors desire to see that OFS state-appropriated funding is not being used to supplement non-state funded projects. The assessment of these fees on non-state funded projects demonstrates the required disconnect satisfactorily for audit purposes. The non-state project fee shall be included in the initial project budget and will be billed to the project in accordance with OFS business practices.

[Reviewed February 16, 2012]