

## Charges for Disbursements

Internal disbursements are recommended to be captured for invoicing in a single charge as a fixed percentage of professional labour. This will vary by firm, but typically ranges between 5-10%. Internal disbursements may include:

- local communication costs (office and cell phone, fax, PDA's, etc.);
- long distance phone expenses;
- routine production of drawings and documents;
- local travel expenses ;
- courier and messenger services;
- standard software and computer costs; *and*
- general office supplies.

External disbursements are recommended to be charged at cost plus 5-10%. This may include:

- travel beyond the local area, or vehicle rental fuel costs;
- meals and lodging ;
- project related advertising costs;
- specialized software and/or services;
- use of specialized equipment;
- testing services;
- sub-consultants and sub-contractors;
- project specific insurance if required by the client;
- any other third party expenses paid by the consultant on the client's behalf; *and*
- non-routine document reproduction.

It is recommended that the client and the engineering consultant review the projected expenses prior to the start of the project and agree on the applicable disbursements category and reimbursement method.



## Fee Guideline 2015

### Background

This fee guideline was developed by ACEC-NB to help provide member firms and their clients with a remuneration reference for the provision of consulting engineering services in the Province of New Brunswick. The guideline offers commentary on the process of selecting an engineering consulting firm; discusses various fee arrangements; and provides a recommended schedule of minimum hourly rates for the various levels of professional and technical staff commonly employed by New Brunswick's consulting engineering companies.

The rates presented are intended as a guideline for consulting engineering services in the Province of New Brunswick for calendar year 2015 and are subject to annual revisions.

### Selection Process

Selecting an engineering firm should be regarded not as a cost but rather as an investment. Quality engineering can contribute greatly to the control of project construction cost and schedule as well as result in lower long term project life cycle costs.

Many clients have developed long-term relationships with consulting engineering firms and as such select their engineering consultants based on a "sole source" basis. This "sole source" process is recognized as a preferred method of consultant selection as it is primarily based on qualifications rather than price.

If a client elects to go the competitive route for consultant selection, then a Qualifications Based Selection process is recommended. Qualification Based Selection incorporates principles that helps ensure a competitive process that will achieve the goal of adding the greatest value for the client. This selection process diverges from price-based selection practices in that it allows the consultants to demonstrate how they can add maximum value to a client's project rather than focusing on how to minimize their fees to "win" an assignment. More information on Qualifications Based Selection is available in the ACEC-NB brochure Appointing Your Consulting Engineer Using Qualifications Based Selection (available at [www.acec-nb.ca](http://www.acec-nb.ca)) and the Federation of Canadian Municipalities National Guide to Sustainable Infrastructure Best Practice Guide on Selecting a Professional Consultant (available at [www.thebestpractice.ca](http://www.thebestpractice.ca)).

Regardless of selection process utilized, ACEC-NB recommends that a formal client/consultant agreement be established describing the terms and conditions of the engagement prior to beginning the work.

### Fee Arrangements

The word "fee" is generally assumed to be the money paid for services rendered. Depending on the type of project, nature of the work, and the terms and the conditions of the client/consultant agreement, the following fee arrangements are commonly used:

1. **Fixed fee** – a lump sum arrangement is recommended in situations when the scope of services and schedule can be clearly defined and understood. Fees of this type can be developed from the bottom up or derived as a percentage of construction cost. For example, the percentages utilized for building projects are listed in some Client standard agreements as well as in the Architects Association of New Brunswick General Bylaws. In addition, when the Prime Consultant assigns sub-consultants to complete portions of the design, the fees for those services can range between 80% and 100% of the Prime Consultant's fee for that portion of the design. The percentage fee may also apply only to the labour component of a fee with expenses considered extra. The consulting engineer assumes a risk to perform the work within the fixed fee offered. The consulting engineer's return for assuming this risk is built into the fixed fee and therefore a breakdown is not usually provided.
2. **Hourly** – a time and material arrangement is recommended in situations when the scope of services and/or schedule cannot be clearly defined (see Development of Hourly Rates & Charges for Disbursements sections for details). Rather than commit to an upset limit which imposes a fixed return for unknown risks, it is recommended that the consulting engineer monitor fees and provide the Client with regular status and forecast updates.
3. **Per diem** – or per day fees is a variation on the hourly rate type fee arrangement whereby a cap on hours per day is effectively implied.
4. **Expenses** – for fixed fee, hourly or per diem arrangements include internal and external costs. Internal costs include photocopying, printing, couriers, fax, telephone, etc. and, historically, these costs were tracked individually. In recent years, professional services providers (including consulting engineering, legal, and accounting firms) have moved to a percentage of labour charges for these costs, e.g. typically 5-10%. This streamlines the tracking and billing process for both consulting engineering firms and their clients. External costs include out-of-pocket expenses for mileage, meals, lodging, etc. as well as sub-consultants where applicable and these costs may be subject to a mark-up for handling costs (See Charges for Disbursements section for details).
5. **A Combination of These Arrangements** – may be employed for projects where a large part of the scope can be defined, i.e. fixed fee, but where additional services may be required, i.e. hourly or per diem.



## Development of Hourly Rates

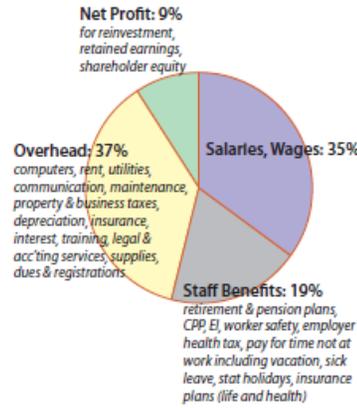
Since the Consulting Engineer is a business person in professional practice, the fee charged to clients must cover pertinent engineering business costs and margin as illustrated in the Typical Distribution of Consulting Fees at right:

Each consulting firm has a unique mix of professional, technical, and administrative support staff with differing levels of experience, expertise, and responsibility. These individuals are grouped into various staff classifications accordingly. To enable the recovery of the costs associated with overhead and staff benefits, as well as to generate a profit, consulting firms typically develop hourly rates predicated on a multiplier of salary costs. While firms can provide an individual's rate to a client, ACEC-NB obtained a legal opinion indicating that the practice of providing an individual's salary cost multiplier to a client conflicts with federal privacy legislation. The Personal Information Protection and Electronic Documents Act (Canada) restricts how personal salary information can be collected, used or disclosed in the course of commercial activities. The provision of an individual's salary cost multiplier applicable to a rate can allow a client to determine that person's salary. Since engineering fees are increasingly subject to public scrutiny and to audit, personal salary information could easily become public.

The recommended **minimum hourly rates** presented in this Fee Guideline are predicated on staff working at a reasonable chargeability rate in a consulting engineering office. However, for unique assignments, a consulting engineer can revisit the rates examining the circumstances under which an employee is working. For example, a seconded employee's benefits may be no different than those for an office based employee. However, the remaining elements may be different and may hold the potential to lower the hourly rate over the extent of the project. Similarly, if the work is highly specialized and/or high risk in nature and a consulting engineering firm has niche resources to do the work, then this may hold the potential to increase the hourly rates charged.

Staff classifications describing various levels of responsibility, experience and training are presented on the opposite page. Recommended minimum hourly rates for those categories are presented below. With some interpolation, most engineering and technical positions can be categorized to align within these classifications.

Lastly, note that since hourly rates are derived from the Typical Distribution of Consulting Fees, the rates listed in this Fee Guideline are subject to revision annually. Similarly, for multiple year assignments, it is recommended that a rate escalation clause be included in the terms and conditions of the client/consultant agreement.



Typical Distribution of Consulting Fees

## Recommended Minimum Hourly Rates

Staff Classification	Hourly Rate	Staff Classification	Hourly Rate
<b>PROFESSIONAL SERVICES</b>		<b>TECHNICAL SERVICES</b>	
E1	\$90	T1	\$70
E2	\$100	T2	\$75
E3	\$120	T3	\$80
E4	\$140	T4	\$85
E5	\$170	T5	\$100
E6	\$195	T6	\$115
E7	\$230	T7	\$160

Note: Unfair methods of competition in terms of providing fees for service or obtaining clients must not be engaged in, particularly as prohibited under federal competition legislation. Unfair methods of competition can include, but not be limited to, price-fixing, conspiring to allocate customers, or the under-scoping of projects.

## Staff Classifications

### ❖ Professional Services

#### E1 Member-in-Training

University graduate from an accredited engineering program.

#### E2 Junior Project Engineer

The individual has obtained professional status. Assignments are of limited scope and complexity. Work supervised in detail. May give guidance to technicians, technologists, contractor, and/or other employees, etc.

#### E3 Intermediate Project Engineer

A fully qualified professional, independently responsible for varied assignments. Work not generally supervised in detail, however, difficult or complex issues are typically referred to a more senior authority. May give guidance to one or two other professionals, but supervision is not usually a continuing responsibility. This position may see the individual act as a Project Manager.

#### E4 Senior Engineer/Discipline Lead

First level of direct and sustained supervision over professionals or full specialization. Recommendations may be reviewed for soundness of judgement but usually accepted as technically accurate and feasible. This position may see the individual act as a Project Manager and may include marketing and business development responsibilities.

#### E5 Senior Specialist Engineer

As a specialist, may engage in research or advanced technical studies. May have authority over large groups containing professional and technical staff. Recommendations generally accepted except perhaps those involving large sums of money or long-range objectives. This position may see the individual act as a Project Manager and may include marketing and business development responsibilities.

#### E6 Senior Consultant

Has received recognition as an authority in a professional field. As a specialist, may engage in research or advanced technical studies. May have authority over large groups containing professional and technical staff. Work is reviewed to ensure conformity with policy and in coordination with other groups and functions. This position may see the individual act as a Project Manager and may include marketing and business development responsibilities.

#### E7 Division/Branch/Engineering Manager

A senior administrator responsible for the direction of groups containing professional and technical staff. The individual has achieved recognition as an authority in a professional field or is considered to be of major importance to the firm. Independently conceives of programs to pursue and actively manages resources to that end. Provides recommendations to corporate management on all matters and receives direction from corporate managers related to organizational policies and procedures. This position may see the individual act as a Project Manager and marketing and business development responsibilities are primary.

#### E8 Corporate Manager/Expert

This position covers individuals who provide a high level of specialized expertise or unique consulting advice. It is recommended that rates for individuals at this level be negotiated on a project-by-project basis.

### ❖ Technical Services

#### T1 Technician (Entry Level)

Under close supervision, carries out straight-forward duties such as preparing uncompleted or repetitive drawing, maintaining drawing files and assisting with field surveys. Little independent judgment required. Performs according to standardized procedures

#### T2 Technician/Technologist (Junior)

Under close supervision, supports engineering personnel in field, design or CAD drafting activities. Performs clearly defined, straightforward tasks. Acts according to standardized procedures. Carries out straightforward computational work using standard accepted formulae and manuals.

#### T3 Technician/Technologist (Intermediate)

Under direct supervision, supports engineering personnel in field, design, drawing production or construction specifications and quality control. Performs a variety of defined assignments with some independent judgment required. May provide technical advice to less experienced technicians/technologists in same area of specialty.

#### T4 Technician/Technologist (Senior)

Under minimal supervision, completes design tasks or complex CAD assignments or performs field quality control functions. Analyzes, provides recommendations and makes decisions with related to technical problems. May provide technical advice or supervise the daily activity of less experienced technical staff concerning processes and procedures. Verifies accuracy and adequacy of their work. This position may see the individual act as a Project Manager.

#### T5 Technician/Technologist (Supervisory)

Has achieved recognition as a specialist in a technical field. Supervises directly or indirectly the work of less experienced technical staff while and undertakes independent project related functions on a continual basis. Prepares production and progress reports as required. Reviews and verifies accuracy of work performed by others. This position may see the individual act as a Project Manager and may include marketing and business development responsibilities.

#### T6 Technician/Technologist (Manager Level)

This is a responsible project managerial and administrative position. Work involves the supervision and review of complex technical assignments as well as the personnel executing the work. Work is assigned within broad guidelines and is not normally subject to rigorous professional review. This position may see the individual act as a Project Manager and marketing and business development responsibilities are primary.

#### T7 Technician/Technologist (Discipline Lead)

Independently represents the company with clients on an ongoing basis. Manages and supervises staff on a continual basis. Manages major projects. Typical role is that of Group Manager or Discipline Lead. This position may see the individual act as a Project Manager and marketing and business development responsibilities are primary.