

## **MINIMUM FUNDING PARTICIPATION REQUIREMENTS FOR ENGINEERING SERVICES (A/E) CONTRACT**

Except for Enhanced Nutrient Removal (ENR) and some jointly funded projects, payments for A/E services may not be processed by MDE until the bids for the construction contract are opened and the construction procurement package (aka Part B) is approved by MDE. The grant/loan recipient must ensure that the A/E contract meet the Minimum Funding Participation Requirements if s/he anticipates that the contract will be funded by MDE, even when actual reimbursements may occur later when funds are awarded. Contracts that do not meet the Minimum Funding Participation Requirements will not be funded even if they are eligible, and even if State funds are available.

The grant/loan recipient may request MDE review of the engineering contract to ensure that it meets the Minimum Funding Participation Requirements, even when the contract will not be funded immediately. The following items need to be part of the engineering contract:

1. Type of Contract (lump sum, cost plus fixed fee, etc.)
2. Documentation of the RFP or other competitive process. No new RFP is required if the planning engineer is continuing with the design, or if the design engineer is retained to provide only design services during construction.
3. Documentation of the MBE/WBE steps by both the grant/loan recipient and the selected engineer.
4. The scope and extent of the work to be performed
5. The time frame or schedule of performance
6. Cost breakdown (labor, overhead, profit, etc.)
7. Payment provisions including billing periods
8. Access to audit records clause
9. Extent of subcontracting

### **Grant/Loan Fund Limitations:**

Grant and/or loan funding will be limited to the reasonable price as determined below:

#### **Planning and Design Services:**

Design Only % =  $6.4761 \times (\text{Est. Const. Cost in } \$M)^{-0.1211}$

Planning & Design % =  $10.364 \times (\text{Est. Const. Cost in } \$M)^{-0.1457}$

#### **Construction Management, Inspection, and Design Services during Construction:**

*For construction cost less than \$10 million:*

Construction Phase Services % =  $14 - (0.62 \times \text{Const. Cost in } \$M)$

*For construction cost of \$10 million or more*

Construction Phase Services % = 8%

After determining the reasonable price, A/E cost eligibility will be determined as follows:

$$\text{Eligible A/E Cost} = \text{Reasonable A/E Price} \times \left( \frac{\text{Eligible Construction Cost}}{\text{Total Construction Cost}} \right)$$