CPPM FY2011 Rate Structure

• For FY11 CPPM project charges will be billed using an hourly fee methodology rather than a percentage fee
• The hourly fee is effective for all projects started after July 1, 2010 as well as all projects included in the 2010 State of Minnesota bonding bill
• Projects currently in progress will continue to be billed using the current percentage fee
  – $1 - $2,000,000 - 7%
  – $2,000,001 - $6,000,000 - 4.5%
  – $6,000,001 and larger - 3%
Rationale for Rate Change

• The State of Minnesota issued a policy regarding the use of bond proceeds to pay for capitalized staff costs in response to a Legislative Audit completed in 2008

• Capitalizable costs include:
  – Compensation and benefits for employees working directly on projects
  – Additional costs directly related to project management that are capitalizable under generally accepted accounting principles (GAAP and federal tax law)
What is Included in the Rates and Project Charges

• The rates are structured to include the costs CPPM incurs to manage and support projects
  – Hours charged directly to the project include project manager and project coordinator hours
  – Rate consists of the hourly payroll and fringe for the type of resource and an overhead factor to cover overhead costs directly related to project delivery
  – Rates comply with University ISO policy
• Support provided by U Services Purchasing will be charged directly to each project
• Planning time will be recorded and charged to projects
What Does this Mean to Customers

- CPPM will continue to provide the same level of service on funded projects
- Project managers will complete an estimate of project management costs that will be included in the total project budget
- CPPM may have less flexibility in providing services for the review of future projects without funding
  - Funding alternatives for these activities are currently under review
- Rates will be finalized when the CPPM FY11 budget is finalized and approved
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Questions?