



**COLORADO**  
Department of Transportation

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**MEMORANDUM**

TO: RTDS and HQ Division Directors  
FROM: Steve Harelson, Chief Engineer *SH*  
Jeff Sudmeier, Chief Financial Officer *JS*  
DATE: March 6, 2020  
SUBJECT: Capturing Charges Related to Projects, Construction Engineering (CE) and Indirect Costs

Understanding how much we spend on preconstruction and construction engineering activities, and providing transparency to taxpayers as to how their money is being spent are critical elements of project management. Moving forward, CDOT staff will endeavor to report the expenses we incur on project delivery in a consistent manner. This memorandum provides specific details for charging work time and other expenses direct to projects, construction engineering (CE) cost centers and indirect cost centers. Accurate time charges will result in establishing true project costs, CE costs and indirect costs.

**KEY TERMS/GUIDELINES**

**Participating Costs** - Participating projects are those to which our federal partners contribute federal funds. These are the overwhelming majority of CDOT engineering projects. All hours worked on projects shall be considered participating costs unless otherwise specifically listed as a non-participating cost. Hours worked should be entered into the SAP timecard with A/A Type of 011P, 014P, 031P, 051P as appropriate, to be coded as a participating cost. The hours spent on projects as well as the cost of training and education provided for employee development are all considered participating costs.

- Staff working on projects shall charge their time direct to project or construction engineering (CE) cost center as participating costs, for the overwhelming majority of CDOT engineering projects.

**Non-participating Costs** - Hours worked that are not allowed for reimbursement by FHWA shall be coded as non-participating costs. Hours worked entered into the SAP timecard with A/A Type of 011N, 014N, 031N, 051N as appropriate will be coded as non-participating costs. Any hours worked that are attributable to one of the following activities shall be coded as non-participating:

- MLOS Funding (Traffic or Maintenance staff)
- Fully State Funded Projects
- Official Functions (Ribbon Cutting Ceremony/Employee Appreciation/Retirement Functions, etc.)
- Engineering or Support staff that are assisting with MLOS related activities, such as road closures during inclement weather, MS4 related activities, or assistance on a MLOS P-Project shall charge time as non-participating costs against the indirect cost center.
- Lobbying

**Direct to Project** - Hours worked are coded to the WBS element of the project that is being worked on.

- Typically, Pre-construction work is charged direct to project using the appropriate WBS element and functional area. See Part I below for further explanation.



- If staff is working on a CE categorically exempt (CE Pool Exempt) project, such as a Colorado Bridge Enterprise project, or ER project, all time charges including construction engineering charges shall be charged direct to project using the appropriate WBS element (XXXXX.20.10).
- Any CDOT staff spending more than one hour throughout the month on a specific project shall charge the time spent on that project's activity direct to project. For example, if staff are meeting for one hour or more for a specific project, the time spent for that meeting shall be charged direct to project. This could require the hours worked within the month for previous weeks to be adjusted and charged direct to project. If there are questions regarding the project, consult your supervisor and/or project manager for additional guidance.

**MLOS Staff** - All MLOS staff shall charge their time to the appropriate MLOS cost center unless specifically working directly on a project for one hour or more multiple times throughout the month. MLOS staff are expected to charge their time to a project WBS when working on a project.

**Project Scoping** - The direction for all project scoping is to budget design funding into the project prior to beginning scoping activities so that staff time can properly be charged direct to project. If this is not possible, scoping can be charged to the home indirect cost center using the scoping functional area code if design funding is not yet available to charge direct to project. This is an exception to the preferred direct to project charging.

**Local Agency Costs** - All local agency costs shall be coded to the indirect cost center using the Local Agency functional area code.

**CDOT Employee Leave** - Any leave (sick, vacation, admin, etc.) taken by a CDOT employee shall be entered into the SAP timecard with the appropriate A/A Type using the employee's home cost center, leave should not be charged to a project WBS.

**Timecard Completion and Approval** - Employee timecards shall be completed and approved in a timely manner. It is recommended that timecards be completed and approved on a weekly basis. Adjustments to the timecard can be completed for prior weeks as long as it is within the same calendar month. If adjustments are made post approval, the employee should alert their timecard approver that changes have been made.

**SAP System Errors** - If there are questions about how to correctly charge time or if an error is received when charging time to a project, the employee's supervisor should be consulted for additional guidance. Any timekeeping technical questions can be directed to the Timekeeper for the unit.

## **PART I (PRE-CONSTRUCTION ACTIVITIES DIRECTLY CHARGEABLE TO PROJECTS)**

The following phases are sub-classifications of pre-construction: Design (D), Right of Way (R), Utility (U), Environmental (E), and Miscellaneous (M).

The attached documents by region will provide additional details on the functional area codes that are to be used when coding time.

### **Right of Way (ROW)**

Prior to the ROW Plan Review (ROWPR) meeting, all ROW staff time and consultant charges shall be charged to the D phase of the specific project using the functional area code for ROW. Once the ROWPR meeting has been conducted and



acquisition needs have been identified, staff time for ROW appraisal and acquisition relocation shall be determined and budgeted to the R phase of the project. ROW charges for local agency projects shall be charged to the indirect cost center using the Local Agency functional area code.

### Utility

All staff time for utility work specific to projects shall be charged to the D phase of the project using the functional area code for Utilities. The U phase is intended only for actual costs of relocating utilities and should not include any time charges.

### Design

All design functions including most specialty groups that work on projects shall charge staff time to the D phase and use the applicable functional area code. The specialty groups that should charge time to the D phase may include but are not limited to Bridge, Traffic, Environmental, Utilities, Hydraulics, ROW, and Surveying. If your specialty does not have a specific functional area code, such as the Business Office or EEO Support, then functional area 1720 should be used for timesheet coding.

Any hours worked related to the construction project after bids are opened and meet the requirements of the award shall be charged to the construction engineering (CE) cost center using the applicable functional area code. Once a project has proceeded to advertisement the Business Office will open the construction WBS (XXXXX.20.10 direct to project or XXXXX.20.20 CE cost center) to allow staff time charges, and lock the design phase WBS to prevent staff time charges to the D Phase. In instances where charges to the D phase will continue after the project has been awarded, the project manager may request that the business office unlock the D phase with program engineer approval.

### Environmental

All environmental work specific to projects, including all NEPA activities, shall be charged to the specific project. Consultant Task Order as well as CDOT staff time charges for work related to categorical exclusions shall be charged to the D phase using the Environmental functional area code. Staff time charges for work related to Environmental Assessments or Environmental Impact Statements shall be budgeted and charged to the E phase.

### Miscellaneous

The miscellaneous phase shall be used to charge staff time for activities related to a study or grant writing. Examples can include a PEL (Planning and Environmental Linkage) that does not result in an Environmental Clearance, or any other type of study that is not immediately anticipated to result in specific design or construction activities. For example, a corridor freight study, safety study, or intersection study, etc.

### Phase Closure Dates

The projected phase closure dates, based on the award date are as follows:

- ROW - 6 months after award
- Utility - 6 months after acceptance
- Design - 30 days after award, plus current months' payroll
- Environmental - 6 months after signed decision document
- Miscellaneous - 6 months after award



- Construction - 6 months after acceptance
- Approval by the program engineer is required if a closed phase is to be reopened to facilitate cost charging.

A couple of other critical dates to keep in mind are as follows:

- All expenses must be entered within 60 days after the FHWA end date for the phase. Please note, these expenses must be incurred within the project start and end dates to be valid.
- All projects must be closed within 1 year of project acceptance.

## PART II (CONSTRUCTION PHASE AND CONSTRUCTION ENGINEERING ACTIVITIES DIRECTLY CHARGEABLE TO PROJECTS)

### Construction - C Phase (Non-Construction Engineering)

C phase hours that are not eligible to be charged to the CE cost centers shall be charged direct to project. The most common examples include construction engineering (CE) on Bridge Enterprise (BE) projects, CE on emergency response projects, and design services occurring after the Design Phase has closed. All other staff time spent working on projects shall be charged to the CE cost centers.

### Construction Engineering (CE) Cost Center

The base costs that are eligible for construction engineering (CE) are charged to the CE cost centers. Each Program Area has two CE cost centers, one for internal charges and one for external charges. CDOT Staff charging to a CE cost center shall include both the internal CE cost center code and the project WBS element, (XXXX.20.20) when entering their time using the applicable functional area code. Consultant Task Orders used for construction management should be charged to the Program Area's External CE cost center, and the Project WBS element noted in the encumbrance. All charges in the CE cost centers are subsequently allocated to projects on a daily basis through the allocation process, and consist of the following:

- Construction engineering personal services costs
- Reproduction and cost per test allocations, as appropriate
- Payment of consultant billings for construction engineering
- Advertising cost of Notice of Final Settlement

In more detail, the following sub-classifications of construction engineering costs are to be charged to the construction engineering (CE) cost centers using the applicable functional area code:

- Any hours worked related to the construction project after a project is authorized by FHWA and advertised to allow for time charges related to project showings and mandatory pre-bid meetings, as well as any coordination with CE & Inspection consultants prior to bid opening and award.
- Field Engineering and Inspection: Salaries, salary additives, expenses, materials, supplies, and other costs incurred for work performed on the job site or at the plant by the resident engineer and other staff assigned to the project. This includes staff work checking of evaluations, dimensions, and quantities, staking, computation of quantities and periodic reports.
- Consultant (third party) CE Payment: Consultant CE encumbrances and payments are coded to the appropriate regional external CE cost center if the project is eligible for CE allocation.
- Office Engineering: Salaries, salary additives, materials, supplies and other costs incurred for work performed in checking shop drawings, checking pay items, making plan revisions, checking change orders, performing project reviews, authorizing contract payments and other district and central office efforts, including that of clerical staff and finals administrators, relative to specific project determination.



- **Construction Material Testing and Inspection:** Salaries, salary additives, expenses, materials, supplies and other costs incurred in making tests and inspections of materials incorporated in highway construction projects.

### **PART III (INDIRECT COSTS - ACTIVITIES NOT CHARGABLE TO A PROJECT)**

Costs incurred for the benefit of a project that are not project specific are not eligible to be charged direct to project or to the construction engineering (CE) cost centers and thus are classified as project indirect costs. This can include general administrative and overhead costs as well as costs that are not readily attributable to a single project or costs that support more than one project. Indirect costs include salaries, supplies, utilities, building rent, telephones, etc. These costs must be coded to the staff's home cost center with the applicable functional area code.

Region/Headquarters administrative and support (non-engineering) staff shall charge their time to an indirect cost center as participating, unless it can be clearly documented that the time should be charged to a specific project.

The following organization units are eligible to classify their costs as indirect: regional program engineering offices including region program management staff, central office organizations such as project support, accounting and finance, human resources, procurement, and audit.

### **PART IV (CONSULTANT PROFESSIONAL SERVICES)**

The above CDOT time charging guidelines also apply to preconstruction and construction professional services. The majority of preconstruction related services will be associated with the D phase. In the case of construction engineering services, an individual non-project specific task order should be executed for each construction project, if the total consultant services required on the project are below the thresholds allowed for Non-Project Specific Task Orders (Currently \$500K). If the total consultant services required exceed this threshold, a Project Specific Solicitation is necessary.

As a best practice, in the case of large projects and when practical, a separate task order should be used for ROW acquisition support and utilities.

### **ADDITIONAL GUIDANCE**

The attached documents by region will provide additional details about specific construction engineering (CE) and indirect cost centers, as well as functional area codes that are to be used when coding your time.

Within the SAP LMS system, the *Intro to SAP Time Entry Monster Course* can be accessed to guide with the various time entry scenarios you may encounter.

Additional questions can be addressed by the unit Timekeeper within the Region.

