

A&E Outreach for Cost Proposal Templates

Questions and Answers

Prevailing Wage Rate – Dept of Industrial Relations (DIR)

- California law requires that not less than the general prevailing rate of per diem wages be paid to all workers employed on a public works project.
- Per CA PW Laws, Consultants are responsible for paying their employees the DIR prevailing wages and benefits.
- Caltrans is to ensure the consultants comply with California prevailing wage laws and DIR determinations.

Premium Overtime Definition

Per FAR 22.103-1 Premium overtime means the difference between the contractor's regular rate of pay to an employee for the shift involved and the higher rate paid for overtime.

Regular Hourly Rate = \$40/hr

Overtime pay @ 1.5 time = \$60/hr

Premium Overtime = \$60 - \$40 = \$20/hr

Interpretive Guidance for Premium Overtime

Interpretive Guidance – General A&E Contract Resources dated 2020

<https://dot.ca.gov/programs/procurement-and-contracts/ae-contract-information/general-a-e-contract-resources>

Overtime Reimbursement

Premium overtime is the labor cost over the regular hourly rate when a non-exempt employee works overtime on Caltrans A&E contracts. Caltrans' reimbursement method for premium overtime is intended to achieve the following key objectives:

- Ensure A&E consultants present Indirect Cost Rates (ICR) that reflect the reimbursement of premium overtime only as Other Direct Cost (ODC)/pass-through, to expedite contract execution.
- Ensure all consultants are consistently, fairly and reasonably compensated for costs incurred in the most equitable manner.
- Ensure premium overtime costs are equitably distributed to the specific contract, project, and client that requires the overtime.

Caltrans will reimburse consultants for Premium Overtime reimbursed as ODC was approved by ACEC.

PW DIR Rates Example

DIR Determination: NC—63-3-9-2022-1, Group 2

Base Rate @ ST = \$54.02

Fringe Benefit = \$32.47

Total @ ST = \$86.48, or (\$54.02 + \$32.47), which is Base Rate @ ST + Fringe Benefit

Total @ 1.5x = \$113.50, or (\$113.50 = \$86.49 + 0.5*\$54.02) or Total @ ST + Premium OT

Total @ 2x = \$140.51, or (\$140.51 = \$86.49 + 1.0* \$54.02), or Total @ ST + Premium OT

Loaded Billing Rate Calculations in Cost Proposals

Non-PW Cost Proposal

Loaded Billing Rate @ Straight Time (ST) = [Actual Hourly Rate x (1+ICR) x (1+Fee)] + Actual x FCCM

Loaded Billing Rate @ Overtime (OT)

- **Non-Exempt Employee** = Loaded Billing Rate @ ST + **Premium OT**
- **Exempt Hourly Employee** = Loaded Billing Rate @ ST (No Premium OT)
- **Exempt Salary Employee** = N/A (Not Compensated for OT)

Premium OT: 0.5 or 1.0 x Actual Hourly Rate

PW Cost Proposal

Loaded Billing Rate @ Straight Time (ST) = [Actual Hourly Rate x (1+ICR) x (1+Fee)] + Actual x FCCM + [Delta Base @ ST x Delta Base Multiplier] + [Delta Fringe @ ST x Delta Fringe Multiplier]

Multipliers: Full multiplier for Direct; 1.0 for ODC; 0 for Indirect

Loaded Billing Rate @ Overtime (OT) for All Employees: = Loaded Billing Rate @ ST + **Premium OT** or = [Actual Hourly Rate x (1+ICR) x (1+Fee)] + Actual x FCCM + [Delta Base @ ST x Delta Base Multiplier] + [Delta Fringe Multiplier] + **Premium OT**

Premium OT: Greater of premium OT between DIR and Actual

Frequently Asked Questions

1. Where are the Deltas for overtime (1.5x or 2x) in the new PW Cost Proposal?

Delta Base

- Delta Base is the difference between the employee's standard hourly wage and the base wage identified in the DIR determination.
- Reimbursed in the Loaded Billing Rate @ST, which is included in the Loaded Billing Rate @ OT (Loaded Billing Rate @ ST + Premium OT).
- Premium OT is reimbursed as ODC in the Loaded Billing Rate @ OT.

Delta Fringe

- Reimbursed in the Loaded Billing Rate @ ST, which is included in the Loaded Billing @ OT (Loaded Billing Rate @ ST + Premium OT).
- DIR Determinations only have one fringe benefits, which apply to Total Rate @ ST. Employee fringe benefit does not increase when employees work OT, as it is calculated using the DBRA Annualization Principle.

2. How Premium Overtime Reimbursement as ODC Effects Billing Rates in the new PW Cost Proposal?

No Change to Billing Rates @ Straight Time

Billing Rates @ Overtime: vary

No change to accounting methods. Fully implemented premium overtime reimbursed as ODC per Caltrans Interpretive Guidance.

Questions can be sent to the AE Customer Service email at:

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