

## VDH Drinking Water Funding Program Guidance Package #5

### FORCE ACCOUNT WORK USE OF EQUIPMENT AND PERSONNEL/PURCHASE OF MATERIALS

The Virginia Department of Health (VDH) encourages the use of competitive procurement methods in all phases of projects. In some cases, the Recipient may wish to pursue the accomplishment of portions of the project through the use of their own equipment and personnel through force account. VDH will consider and may support such requests if it is determined to be beneficial to the program.

Force Account work should be limited to water line construction. We recommend that construction of a treatment plant or other large projects should be done by an independent contractor, because most water treatment plants exceed the capabilities of force account workforces. Also, any problems that may occur during the first year of operation which would normally be covered by a contractor's warranty will have to be corrected as an additional cost to the recipient. Costs associated with personnel and equipment usage and purchase of materials are eligible if the Recipient complies with the following guidelines.

#### Prior Approval

The Recipient **MUST** submit a request in writing to the appropriate VDH Project Engineer with a copy to the Project Officer and receive VDH approval in writing from the FCAP Division for any material purchases, personnel requirements, and equipment usage **PRIOR** to the purchase and/or performance of the work. When requesting prior approval, the following information must be submitted to the VDH Project Engineer:

1. Specific information clearly describing the nature and scope of the proposed work.
2. Discussion of the reason for using force account in lieu of competitive bidding, including information comparing force account costs versus costs reasonably expected for the same work under competitive procurement methods. Include a detailed budget for the proposed force account work. Documentation of any emergency circumstances dictating use of force account.
3. Documentation verifying that existing employees and/or equipment are of sufficient number and qualification to perform the proposed work and to perform this work in a timely fashion (i.e. details of similar work previously performed, special skills of employees, etc.) and/or documentation of need for additional equipment/personnel. Include a project construction schedule for the proposed work.
4. Documentation of approved employee wages and fringe benefits.
5. A list of all current and forthcoming projects the recipient is performing force account work for. This should include a brief description and estimated start and completion dates.
6. A list of all materials to be purchased and equipment to be installed.
7. A list of all equipment to be used including the rate to be charged and its correlating Virginia Department of Transportation (VDOT) class code. The rates must not be higher

than rates established by FCAP (based on VDOT 2011 rental rates adjusted by the Army Corps of Engineers Civil Works Construction Cost Index System).

8. In the absence of any type of performance bond, the recipient must identify the measures to assure quality performance and acceptability.
9. Documentation of adequate insurance including fire and extended coverage, workman's compensation, public liability and property damage, and "all risk" in accordance with local and/or State Law.
10. Administrative approval of a sample request for reimbursement to include documentation appropriate for force account projects. Recently submitted satisfactory force account reimbursements may satisfy this requirement. An example of a properly completed VDH Force Account Time Sheet is attached. Active worksheets and sample disbursement packages will be provided upon request.

### **Materials Purchased**

Only materials installed into the construction project may be eligible for reimbursement. Materials are typically the items included on Plans and Specifications. All materials must be procured in accordance with the Virginia Public Procurement Act. Adequate documentation to establish compliance with procurement regulations, and MBE/WBE good faith efforts where applicable will be required prior to reimbursement. See PG #4 for additional procurement and MBE/WBE utilization guidelines. In certain instances, VDH may require submission and approval of specifications relative to material purchases. Necessity for submission of specifications will be decided on a case-by-case basis. Material invoices with substantiating documentation must be submitted for material purchase reimbursement. Material invoiced to a recipient's warehouse must be supported in the same manner, with invoices from suppliers. Materials used on force account projects will be subject to FCAP program requirements for American Iron and Steel. For this reason, stock items should not be used unless manufacturer's certifications can be provided.

To be considered for reimbursement all cost items must be eligible under program guidelines, specific to the project, and necessary for the infrastructural improvement. Costs determined to be associated with any type of operation and maintenance activities are ineligible.

Examples of eligible expenses: pipe and all applicable apparatus, concrete, gravel, lumber, seed, meters, fencing.

### **Use of Vehicles and Construction Equipment**

Vehicles and construction equipment owned by the Recipient and used on projects can be reimbursed on the basis of the **actual hours used** times the accepted hourly rate. The hourly rate cannot exceed the rental rates established by VDOT. This rate encompasses all fixed and operational cost, such as maintenance, repair, insurance, and fuel. For reimbursement of vehicles or equipment without an established VDOT rental rate the recipient must solicit rental rates from area dealers to establish a prevailing market rate<sup>1</sup>.

No construction equipment can be purchased with VDH funds. Use of construction equipment may be eligible for reimbursement based on actual hours used. Equipment used herein is defined as equipment primarily used for waterline construction, and/or listed as eligible equipment in the Rental Rate Blue Book.

Rental rates will be solicited from area firms on a monthly basis. Rental equipment should only be used when equipment owned by the recipient is not available. Proper procurement procedures, as discussed in PG #4, must be followed when equipment is rented.

Verified time records, usage rates, and VDOT class code must be submitted for each vehicle or equipment reimbursement. Vehicle or equipment usage is limited to time when vehicle is performing a function. Presence on the jobsite does not constitute valid use of a vehicle or piece of equipment.

### **Miscellaneous Expenses**

Reimbursement for miscellaneous expenses may be eligible if deemed necessary for the completion of construction. Miscellaneous expenses are those expenses incidental to or not included in the project Plans and Specifications. Reimbursement will not be granted for items the recipient is expected to have on hand on a regular basis.

Examples of eligible miscellaneous expenses: portable toilets, erosion and sediment control materials, and non-routine testing.

Examples of ineligible expenses: fuel, oil, construction tools, vehicle or equipment parts, vehicle or equipment repair expenses, drug testing, radios, safety equipment, traffic control devices, insurance, etc.

### **Compensation for Personnel Services**

The Recipient must provide the following documentation:

1. Approved salary scales and job classifications for all individuals performing work under force account procedures. (Eligible personnel will be individuals who are customarily employees of the Recipient's utility system.)
2. Any indirect cost rate utilized and its method of allocation;
  - a) Indirect Cost Rates require separate approval.
3. Procedures for timekeeping and time checking;

Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that total compensation for individual employees:

1. Is reasonable for services rendered;
2. Follows an appointment made in accordance with State or local government laws and rules and which meets merit system or other requirements, where applicable; and

3. is determined and supported as provided by approved VDH Force Account Timesheets.

Compensation for employees engaged in State assisted activities will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the local government. In cases where the kinds of employees required are not found in the other activities of the local government, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the employing government competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

Amounts charged for personnel services will be based on payrolls documented and approved in accordance with generally accepted practice of the local agency. Payrolls MUST be supported by time and attendance records for individual employees. Salaries and wages of employees chargeable to more than one funding source or other cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort. Overtime hours charged to the project will be those hours in excess of 8 hours of project related work per day, or in excess of 40 hours of project related work per week, whichever is the common practice of the employer.

Costs identified under this item are allowable to the extent that total compensation for employees is reasonable as defined above.

1. Employee benefits in the form of regular compensation paid to employees during periods of authorized absence from the job, such as for annual leave, sick leave, court leave, military leave, and the like, if they are: (a) provided pursuant to an approved leave system, and (b) the cost thereof is equitably allocated to all related activities, including the grant.
2. Employee benefits in the form of employers' contribution or expenses for social security, employees' life and health insurance plans, unemployment insurance coverage, workman's compensation insurance, pension plans, severance pay, and the like, provided such benefits are granted under approved plans and are distributed equitably to grant programs and to other activities.

Personnel service expenses must be documented on a Time Sheet for VDH Force Account (see attached) showing hours worked each week which are charged to the VDH project.

Employees working on VDH funded projects are responsible for preparing their own timesheets and the following procedures must be followed:

1. Employee must be provided clear descriptions of the work to be performed and the job number (name) to be charged.
2. Time sheets must be recorded in ink.
3. Timesheets must be filled out as work is performed, but no less often than daily.
4. All hours must be recorded on the timesheet.

5. Timesheets must be signed by the employee, their supervisor, the payroll clerk and an authorized representative of the recipient.
6. Each employee is to prepare only one timesheet per pay period.
7. The time period covered by the timesheet and the payroll period must be the same.

### **Requests for Disbursement**

In addition to the documents required for standard reimbursements as described in PG #2-Fund Disbursement and Loan Payments, Recipients will be required to submit additional documentation, similar in function to a contracted construction project. Acceptable submissions shall include:

- Time and attendance reports customarily used for payroll and equipment usage by the Recipient (see above).
- Time Sheet for VDH Force Account, detailing individual employee time expended on the force account project, and equipment used in that week
- Summary of project Equipment and Labor for each employee during the invoice period
- Copies of original invoices and summaries of Materials and Miscellaneous/Supplies.

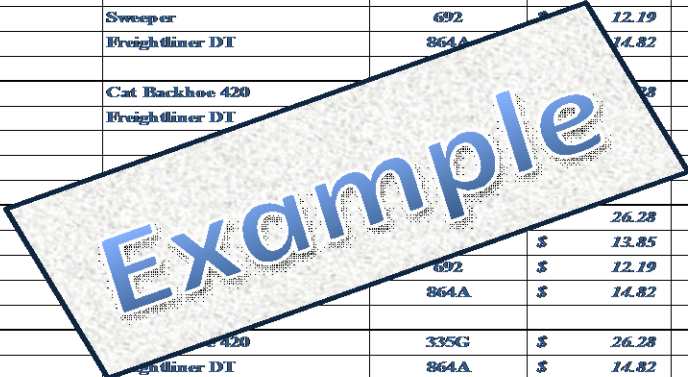
An example of a properly completed VDH Force Account Time Sheet is attached. Active worksheets and sample disbursement packages will be provided upon request.

Force Account pay requests that consist of more than one month's invoicing may result in delayed reimbursement.

**Employee WEEKLY TIME SHEET FOR VDH FORCE ACCOUNT**

<b>Week of:</b>	7/8/2015	to	7/10/2015	<b>Employee's Name:</b>	James Madison
<b>Project Name:</b>	SAMPLE			<b>Pay Class:</b>	Salary
<b>Project Number:</b>	WSL 00-00			<b>Job Title/Grade:</b>	Operator/Skilled Labor

	Brief Description of Work Performed	Equipment Used	VDOT Class Code	Rate Per Hour	Hours Used	Total Equipment Charges	Reg. Hrs. Charged to VDH	O.T. Hrs. Charged to VDH	
<b>MONDAY</b>	Installed 82' of 6" Line	Cat Backhoe 420	335G	\$ 26.28	4.00	\$ 105.12	8.00	1.75	
		Cat Loader	338	\$ 13.85	1.00	\$ 13.85			
		Sweeper	692	\$ 12.19	1.00	\$ 12.19			
		Freightliner DT	864A	\$ 14.82	3.00	\$ 44.46			
	Launch				\$ -				
<b>TUESDAY</b>	Installed 80' of 6" Line	Cat Backhoe 420	335G	\$ 26.28	4.00	\$ 105.12	8.00	1.75	
		Cat Loader	338	\$ 13.85	1.00	\$ 13.85			
		Sweeper	692	\$ 12.19	1.00	\$ 12.19			
		Freightliner DT	864A	\$ 14.82	4.00	\$ 59.28			
	Launch				\$ -				
<b>WEDNESDAY</b>	Installed 130' of 6" Line	Cat Backhoe 420	335G	\$ 26.28	4.00	\$ 105.12	8.00	0.75	
		Freightliner DT	864A	\$ 14.82	4.00	\$ 59.28			
						\$ -			
	Launch				\$ -				
<b>THURSDAY</b>	Installed 130' of 6" Line	Cat Backhoe 420	335G	\$ 26.28	3.00	\$ 78.84	8.00	0.50	
	Installed (1) 6" Gate Valve	Cat Loader	338	\$ 13.85	1.00	\$ 13.85			
		Sweeper	692	\$ 12.19	1.00	\$ 12.19			
		Freightliner DT	864A	\$ 14.82	3.00	\$ 44.46			
	Launch				\$ -				
<b>FRIDAY</b>	Made Tap for Sample Station	Cat Backhoe 420	335G	\$ 26.28	3.00	\$ 78.84	7.50		
	Repaired Leak	Freightliner DT	864A	\$ 14.82	3.00	\$ 44.46			
						\$ -			
	Launch				\$ -				
<b>SATURDAY</b>						\$ -			
<b>SUNDAY</b>						\$ -			
						<b>Total Equipment Cost =</b>	\$ 803.10	39.50	4.75
	<b>Total Equipment Cost to VDH</b>	\$	<b>803.10</b>						
	<b>Total Labor Cost to VDH</b>	\$	<b>624.89</b>	<b>Regular Rate</b>	<b>x Reg. Hours</b>	<b>13.73</b>	=	\$ 542.34	
	<b>Total Cost to VDH</b>	\$	<b>1,427.99</b>	<b>OT Rate</b>	<b>x OT Hours</b>	<b>13.73</b>	=	\$ 65.22	
				<b>Gross Pay</b>				\$ 607.55	
				<b>Fringes as % of RT</b>		<b>42.39%</b>	=	\$ 16.74	
				<b>Fringes as % of OT</b>		<b>12.55%</b>	=	\$ 0.60	
				<b>Total Labor</b>				\$ 624.89	



I CERTIFY ALL RATES PER HOUR, WAGES PAID AND TOTAL LABOR COST CALCULATIONS ARE CORRECT.

I CERTIFY HOURS WORKED ARE CORRECT.

Payroll Clerk's Signature

Employee's Signature

TO THE BEST OF MY KNOWLEDGE I CERTIFY THE INFORMATION PROVIDED ABOVE IS CORRECT.

I CERTIFY HOURS WORKED AND EQUIPMENT USED IS CORRECT.

Owner's Authorized Representative Signature

Supervisor's Signature