

**PURDUE UNIVERSITY
OFFICE OF THE UNIVERSITY ARCHITECT**

OUA Project Management Fee

Beginning July 1, 2006, the Project Management Fee is assessed according to the following stratified, cumulative percentage rates:

Project Budget	PM Fee Rate
\$0 to \$499,999	6%* of total project budget
\$500,000 to \$999,999	6% of first \$499,999, plus 5% of remaining budget amount
\$1 million to \$4,999,999	6% of first \$499,999, plus 5% of next \$500,000, plus 3% of remaining budget amount
\$5 million and above	6% of first \$499,999, plus 5% of next \$500,000, plus 3% of next \$4 million, plus 1% of remaining budget amount

** Regional campus projects up to \$499,999 are not charged a Project Management Fee. Projects with budgets above that amount are billed the regular PM Fee rate.*

For example:

- A new Capital Project with a budget of \$450,000 will be charged a PM Fee of 6%, which amounts to \$27,000.
- A Capital Project with a total budget of \$1.5 million will be charged 6% for the first \$499,999 + 5% for the next \$500,000 + 3% for the last \$500,001. The total PM Fee billed would be \$69,999.92 (an effective rate of 4.66%)

Project Management provided by the In-House Design department will now charge the Project Management Fee, typically at six percent of the total project budget since the majority of projects are less than \$50,000. The rate for in-house design and estimating is \$46/hour, effective July 1, 2007.

Rationale

The tiered rate system provides an equitable Project Management Fee that, rather than subsidizing the work done on smaller projects with the fees procured from projects with larger budgets, more closely represents the process and services required by each project. The PM Fee enables the Office of the University Architect to operate a consistent method of billing for all Project Management, and reinforces the OUA focus on customer service.

What does the PM Fee pay for?

The PM fee not only covers the expenses of the Project Managers themselves, but also clerks that support each project, and other support staff that update and maintain PM processes, standards, schedules, and communications. This staff work throughout the life-cycle of each project, which range in duration from less than 12 months to six years or more from inception to completion.

Implementation

As of July 1, 2006, all new projects will be charged the new Project Management Fee.

Projects initiated before July 1, 2006 are being evaluated on a case by case basis for application of the new fee.

Questions?

Questions and concerns should be directed to: **Owen Cooks**, Director of Project Management, ojcooks@purdue.edu (765) 494-5431.