



DDC

STANDARD CONSTRUCTION OPERATING PROCEDURE

City of New York Department of Design and Construction
Division of Infrastructure Bureau of Construction

**SUBJECT: COST ALLOWANCE FOR CONTRACTOR-OWNED
EQUIPMENT AND MATERIAL**

APPROVED:


Assistant Commissioner William F. Lipski, P.E.

SCOP.....: 98 - 002 G

**CATEGORY..: CHANGE ORDERS
Subcategory : COST ESTIMATES**

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Supplements....: N/A

Sheet.....: 1 of 1

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The attached memo dated June 8, 1992 from the Mayor's Office of Construction and the Comptroller's Office titled "COST ALLOWANCE FOR CONTRACTOR-OWNED EQUIPMENT AND MATERIAL" is to be followed on all change orders to establish costs for contractor owned equipment and material.

SUPERSEDED BY SCOP 99-004 G

DDC99-1-7

SUPERSEDED BY SCOP 99-004 G

JOINT DIRECTIVE NO. 1

TO: ALL CONSTRUCTION AGENCIES

FROM: RUDOLPH J. RINALDI
DIRECTOR, MAYOR'S OFFICE OF CONSTRUCTION

BARBARA S. MEHLSACK
DEPUTY COMPTROLLER FOR CLAIMS AND ADJUDICATIONS

DATE: JUNE 8, 1992

RE: COST ALLOWANCE FOR CONTRACTOR-OWNED EQUIPMENT
AND MATERIAL [PPB RULE 9-02(q)(1)]

Section 9-02(q)(1) of the Procurement Policy Board Rules states "Direct cost allowances for contractor-owned equipment shall be at such rates as the Office of Construction and Comptroller may from time to time direct." In order to establish equipment rates related to additional work, the following cost standards for contractor-owned equipment and material are herewith promulgated:

EQUIPMENT

- A. Rental rates for on-site equipment provided by the contractor shall be reimbursed at 75% of the monthly rates provided by the appropriate edition of "Rental Rates and Specifications for Construction Equipment Book" ("Green Book") published by Associated Equipment Distributors, prorated hourly for the actual hours used (subject to the restrictions of Paragraph D below).
- B. Equipment brought to the site solely for the performance of extra work shall be reimbursed at 75% of the monthly "Green Book" rates, prorated daily for the number of days actually used, plus the reasonable costs of "move in and move out."

SUPERSEDED BY SCOP 99-004 G

- C. Equipment brought to the site solely for the performance of extra work when the subject equipment is on "standby" shall be reimbursed at 33 1/3% of the "Green Book" monthly rates, prorated daily, plus the reasonable cost of move in and move out.
- D. For multiple shift utilization, reimbursement shall be calculated as follows:
- First shift - .75 of "Green Book" rental rates
 - Second Shift - .60 x first shift rate
 - Third Shift - .40 x first shift rate
- The maximum reimbursement for any twenty-four (24) hour period shall be calculated at twice (2x) the daily rate as calculated in Paragraph A above.
- E. The aforementioned reimbursement schedules shall be applicable only to serviceable equipment that is capable of efficiently performing its intended on-site function in accordance with the additional work requirements.
- F. The cost of equipment characterized as "small tools" is deemed to be included in the contractor's overhead factor and shall not be eligible for separate reimbursement, whether contractor-owned or leased separately. This type of equipment generally encompasses items that are ordinarily required for the performance of the worker's job function, and includes but is not limited to equipment which ordinarily has no licensing, insurance or substantive storage costs associated with it, such as circular and chain saws, impact drills, threaders, benders, wrenches, socket tools, etc.

MATERIAL

- A. In establishing rental payments for materials (e.g. scaffolding, plating or sheeting), consideration may be given to the actual or the estimated life cycle of the material for use on other projects or rental rates may be established on the basis of purchase or salvage value whichever is less.