



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..... : 99 - 004 G

**CATEGORY : CHANGE ORDERS
Subcategory : COST ESTIMATE**

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Supersedes.... : 98 - 002 G

Supplements... : N/A

Sheet..... : 1 of 1

Issue Date..... : April 1, 1999

The attached memo dated March 1, 1999, from the Mayor's Office of Construction and the Comptroller's Office titled "COST ALLOWANCE FOR CONTRACTOR-OWNED EQUIPMENT " must be followed on all change orders and all time and material contracts for which no equipment rates are otherwise specified, in order to establish costs for contractor owned equipment and material.

This directive supercedes the previous directive on this subject issued with SCOP 98-002G.



DEPARTMENT OF DESIGN AND CONSTRUCTION

1999 MAR -3 A 11: 53

THE CITY OF NEW YORK

Joint Directive No. 1, Amendment 1

Date: March 1, 1999

To: All Construction Agencies

From: Gary Geiersbach *Gary Geiersbach*
Director, Mayor's Office of Construction

Michael P. Rennard, P.E. *Michael P. Rennard*
Comptroller's Chief Engineer

Re: Cost Allowance for Contractor-Owned Equipment

This Joint Directive is issued pursuant to the powers granted to the Mayor's Office of Construction and the Comptroller's Office as found in the NY City Charter and the Procurement Policy Board Rules. Equipment costs under Time and Material (T&M) contracts and change orders for which no equipment rates are otherwise specified will be paid as prescribed in this Directive.

EQUIPMENT

- A. Time and Material contracts shall provide reimbursement for contractor owned equipment at 75% of the monthly rates provided by the appropriate edition of "AED Green Book, Rental Rates and Specifications for Construction Equipment" ("Green Book") published by PRIMEDIA Information Inc., prorated daily for the number of days actually used (subject to the restriction of Paragraph E below). Reasonable costs for move in and move out may be allowed if the utilization period is one week or less.
- B. Change Orders shall provide reimbursement for contractor owned on-site equipment at 75% of the monthly rates provided by the appropriate edition of the "Green Book" prorated hourly for the actual hours used (subject to the

restriction of Paragraph E below).

C. Change Orders shall provide reimbursement for contractor owned equipment brought to the site for the performance of extra work at 75% of the monthly "Green Book" rates prorated daily for the number of days actually used (subject to the restrictions of Paragraph E below). Reasonable costs of move in and move out may be allowed if the utilization period is one week or less.

D. Time and Material contracts and change orders shall provide reimbursement for contractor owned standby equipment at 33 1/3 of the "Green Book" monthly rates, prorated daily. Reasonable costs for move in and move out may be allowed if the utilization period is one week or less.

E. 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, B, or C above, whichever is appropriate.

F. The aforementioned reimbursement schedules shall be applicable only to serviceable equipment that shall be capable of efficiently performing its intended on-site function in accordance with the work requirements.

G. 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.

H. If a particular piece of equipment is not listed in the "Green Book", the "Blue Book", (Rental Rate Blue Book for Construction Equipment by PRIMEDIA Information Inc.), rental rates may be substituted, subject to the restrictions of the above paragraphs, i.e. 75% of the stated rates, etc. (Blue Book operating costs are not allowable).

I. Time and Material contracts and change orders providing reimbursement for contractor owned equipment shall limit the amount reimbursed to the purchase price of a machine of equal or comparable capacity

- J. Fuel costs will be reimbursed based on actual costs. In the absence of auditable figures, the following formula shall be applied:

Fuel cost per operating hour = .035 x HP rating x Fuel cost/gal.

- K. Fuel costs for pickup trucks will be \$6.00 per shift per pickup truck.

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 purchases or salvage value whichever is less.