Paying for extra work on a Force Account Basis is an accepted and common practice throughout the highway construction industry.

These directions also serve to implement Equipment Watch’s Rental Rate Blue Book (Blue Book) as the source of equipment rates for force account billing.

Included in this memorandum are:

Guidelines for Force Account Billings

Attachment 1 - Rates for Items not Available from the Blue Book

Attachment 2 - A-7 Form, Example Extra Work Daily Reports

Attachment 3 - Sample Force Account Billing

Attachment 4 - Equipment Expense Rate Data

Attachment 5- Blue Book Supplemental Information

Particular attention should be paid to the following:

1. Each day that force account work is being performed Form A-7, Extra Work Daily Report, must be completed. All manpower, equipment and material used in the force account work shall be agreed to by both the Contractor and the Engineer and entered on this form at the end of each day. The Contractor must then prepare the force account bill from the daily reports. Only the manpower, equipment and material shown on the daily reports shall be included on the force account bill.
2. The verification of labor cost and the affidavit as to materials taken from stock.
3. Payroll additives are to be restricted to actual costs.
   1. Workmen’s compensations insurance is chargeable for all hours work on a straight time basis. Overtime premiums (1 ½ x, 2 x, 3 x, etc.) are not eligible.
   2. Truck drivers’ total salaries shall be excluded from computation of public liability and property damage insurance as these insurance costs are covered by equipment ownership expense.
   3. Employers pay Federal Unemployment Insurance under FUTA tax at an established rate on a determined amount of first covered wages paid to each employee during a calendar year, regardless of when those wages were earned. This tax may be offset by credits (known as the "normal credit" and "additional credit") against their FUTA tax liability for amounts paid to a state UI fund by January 31 of the subsequent year. Reference Internal Revenue Service and State Department of Revenue for current wage and rate information.
   4. Employers pay State Unemployment Compensation at an established rate on a determined amount of first covered wages paid to each employee during a calendar year. Year to date employee earnings are to be reported in the force account bill. These percentages are subject to change by legislative action. Employers who begin operations in Illinois will receive a “starter’s rate” based on their industry in either their first two or three calendar years. Thereafter, they receiver an experience rate which reflects their experience with the payment of benefit claims. This experience rate varies and changes annually. More information can be obtained from the Illinois Department of Employment Security.
   5. The Federal Insurance Contributions Act (FICA) tax known as Federal Social Security Tax includes two separate taxes. One is social security tax and the other is Medicare tax. Different rates apply for each of these. Reference Internal Revenue Service publications for the current tax rate for social security and Medicare. Only the social security tax has a wage base limit. There is no wage base limit for Medicare tax. All covered wages are subject to Medicare tax.
4. The following policies shall be used in determining rates:
   1. Equipment owned by Contractor.
      1. Equipment on jobsite

The time paid for shall be the period that the equipment is in operation on the force account work, and in addition shall include traveling time to the locations of the force account work when the equipment is moved under its own power. In rare instances, such as the transportation of a crane having a long boom, it may be necessary for the machine to be in operation while being transported to the location of the force account work, in which case the time paid for shall include the time operated during transportation. Loading and transportation costs will be allowed when equipment is moved through means rather than its own power, but payment time for equipment so moved shall be restricted to actual operating time on the work, except as noted in the preceding sentence.

ii. Equipment not on jobsite

Same as (a) except that minimum total operating time paid for on the work shall be not less than four hours.

The hourly rates for Contractor owned equipment will be determined from the applicable volume of the Equipment Watch Rental Rate Blue Book (Blue Book).

1.) The Blue Book will be used in the following manner:

1. The hourly rate will be determined by using the FHWA Hourly Rate. The monthly, weekly, daily or hourly rates will not be used.
2. The current revisions will be used in establishing rates. The current revision applicable to specific Force Account work is as of the first day of work performed on that Force Account work and that rate applies throughout the period the Force Account work is being performed.
3. The Regional adjustment for Illinois will be made. Model year adjustment will also be made. No user defined adjustments will be made.
4. The estimated operating costs per hour are included in the FHWA Hourly Rate and will be used for each hour that the equipment is in operation on the Force Account work. Such costs do not apply to idle time regardless of the cause of the idleness.
5. The rates established above include the cost of fuel, oil, lubrication, supplies, small tools, necessary attachments, repairs, overhaul and maintenance of any kind, depreciation, storage, overhead, profits, insurance and all incidentals. No additional compensation will be allowed for normal operating expenses. The rates do not include labor.
6. The Contractor shall submit Equipment Expense Rate Data Sheet to the Engineer with sufficient information for each piece of equipment and its attachments to enable the Engineer to determine the proper rental rate. All equipment shall, in the opinion of the CM, be in good operating condition. Equipment used by the Contractor shall be specifically described and be of suitable size and suitable capacity required for the work to be performed.
7. Standby time for equipment beyond the end of the shift when the delay occurred will not be paid for, except where the equipment has been held on the Project site on a standby basis at the request of the Engineer. Such payment will be made based upon:

0.5 X (FHWA Hourly adjusted for Model Year and Region – Estimated Operating Costs)

2.) Rates for equipment not listed but available upon request from Blue Book:

The contractor shall submit a fully completed Equipment Expense Rate Data sheet. This information can be forwarded to Equipment Watch for a rate determination.

3.) Individual pieces of equipment not listed in this memo and having a replacement value of $1,000 or less shall be considered to be tools or small equipment and no payment will be made for their use on the work. Compensation will be allowed for actual cost of consumables (oxygen, acetylene, propane, etc.) used by small tools

* 1. Equipment rented by the Contractor.
     1. Whenever it is necessary for the Contractor to rent equipment elsewhere, he shall be paid the rental and transportation cost of such equipment to which 5% shall be added. THE RENTAL RATES MAY NOT EXCEED THOSE ALLOWABLE FOR EQUIPMENT OWNED BY THE CONTRACTOR UNLESS FIRST APPROVED IN WRITING BY THE ENGINEER BEFORE THE WORK IS STARTED. IN NO CASE SHALL THE RENTAL RATES EXCEED THOSE OF ESTABLISHED DISTRIBUTORS OR EQUIPMENT RENTAL AGENCIES.

ii. When the contractor rents equipment from a related party and that equipment was used in the determination of the contractor’s prequalification ratings, the contractor shall be paid per a. above regardless of the rental agreement between the contractor and the related party.

1. Preparation of force account bills.

All force account bills should show an accurate description of equipment used on force account work by year manufactured, type, size and horsepower and/or capacity.

Any changes or correction of ownership expenses rates on a force account bill must be made on each revised bill to indicate that the Contractor has approved the revised amount before the bill will be approved for payment.

Contractors are eligible for an additive to a bill prepared by a subcontractor. See Art. 109.04 of the Illinois Tollway Supplemental Specifications.

1. Where work extends over more than one week or payroll period, one bill should be submitted whenever possible, listing all labor together and all equipment together.

It will be proper to pay a foreman’s salary based on the individual’s actual wage and allow actual cost or company average for company contribution to life insurance, health insurance, or pension funds. We will also pay documented travel expense if it applies. Bonuses or profit sharing arrangements will not be allowed. Under some limited circumstances, the contractors’ superintendent may act as a foreman. In those situations it may be appropriate to pay for those costs as normally would be done for a foreman.

Some flaggers may be shown simply under the laborer wage rate. Others may have a special wage rate for laborers when acting as flaggers. It is also possible for flagger’s wage rates to be under traffic control workers rather than laborers. For force account bills the designation flaggers should be used if they are paid a different wage rate than laborers.

**NOTE:**

Equipment Watch updates the Rental Rate Blue Book only twice per year, once on January 1, and again on July 1. Only half of the equipment categories are updated each period, so in effect, a particular equipment rate stays valid only for one year.

All forms of the Rental Rate Blue Book (print and on-line) are updated simultaneously, so that there is no confusion over the current rate on a specific date. Also, all printable reports on the on-line version list the revision date for each rate (1st Half-Current Year, 2nd Half-Current Year, etc.), so it can be traced back to the proper time period for auditing purposes should it become and issue.

The FHWA rate used for a piece of equipment on force account shall be the rate in effect when the FRC work was performed, therefore any equipment updated in the 2nd half of the year shall use the “non-current (i.e. archived)” rate if the work was performed prior to July 1st.