

Guidance on Other Direct Expenses for Engineering, Surveying, and Architecture Contracts



TxDOT is responsible for negotiating a contract with the prime provider that will produce high quality project deliverables at a fair and reasonable cost. The contract is the tool for identifying the work to be performed, and each component is intended to serve as a control for managing the work and enforcing the agreement. The contract scope (Attachment C) identifies and controls the work. The contract Fee Schedule (Attachment E) identifies the budget controls, including the maximum not to exceed amount for the contract. The Fee Schedule identifies the direct (labor and non-labor) and indirect costs for the contract, including the other direct expenses.

Other Direct Expenses

Other direct expenses (ODEs) are non-labor direct expenses associated with a project that are reimbursable according to the requirements and negotiated rates at the contract level. The intent of the department is to reimburse all ODEs required to perform the scope of work in the contract. Controls in the form of a fixed cost per unit or a maximum cost per unit are identified in Attachment E of the contract for items to be reimbursed. The ODEs identified in the contract will be used to negotiate reimbursable expenses in each work authorization.

The PEPS Negotiation Center maintains an ODE Master List that contains the ODE Services to be Provided, Unit, and either a Fixed Cost or Maximum Cost for the item. The costs have been established with input from the providers working in the industry and are used for all PEPS contracts. Similar to labor rates, these fixed and maximum costs are not altered at the work authorization level.

Work Authorization Negotiation

The ODE table in the Fee Schedule (Attachment E) is negotiated at the contract level and applies to all work authorizations (WAs) issued under that contract. Items negotiated at the WA level are:

- The specific work assignment (detailed scope of work) with deliverables
- Categories of direct labor
- Level of effort by labor category
- Unit Cost (UC) categories and quantities
- ODE categories and quantities

During budget negotiations for the WA, ODE items must be included when calculating the maximum not to exceed amount for the WA:

- Fixed Cost items – negotiate the quantity and apply the fixed cost
- Maximum Cost items – negotiate the quantity and apply a reasonable estimate of the cost (considering the location or other factors anticipated for the project). The estimated cost cannot exceed the maximum cost in the contract Fee Schedule.

The contract must be used to verify costs negotiated in the WA. Any ODE category and cost referenced in a WA or invoice should correspond directly to, and be verified against, a matching category in the contract.

Format of Negotiated Costs

A single ODE Rate Schedule is developed by the Negotiation Center for each contract which applies to the prime provider and subproviders. An example of the ODE table format is shown below. For the TxDOT PM, an ODE Master List is posted on the PEPS website as a reference. For each type of expense, the table identifies a unit and either a fixed cost to be reimbursed per unit, or a maximum cost not to be exceeded per unit.

The following table is an example of a few of the typical ODEs included in a contract. The notes at the bottom of the table are included in every contract, regardless of payment type.

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Table 1: Example of Other Direct Expenses in a Contract

Type	Unit	Fixed Cost	Maximum Cost
Mileage	mile	Current State Rate	
Lodging/Hotel - Taxes and Fees	day/person		\$45.00
Lodging/Hotel (taxes/fees not included)	day/person		Current State Rate
Meals (Excluding alcohol & tips) (overnight stay required)	day/person		Current State Rate
Parking	day		\$30.00
Rental Car (Includes taxes and fees; Insurance costs will not be reimbursed)	day		\$100.00
Standard Postage	letter	Current Postal Rate	
Photocopies B/W (11" X 17")	each	\$0.25	
Materials and Shipping	per package		\$100.00
Profit not allowed on Other Direct Expenses.			
For Cost Plus Fixed Fee, Specified Rate, and Unit Cost - Fixed cost items to be billed at the fixed cost rate. Documentation, such as a usage log, must be maintained for audit purposes, and may be required to be submitted as a basis for reimbursement. For items with a maximum cost, actual cost to be billed not to exceed the maximum shown. Expenses shown at a Current State Rate are billed at the rates that are in effect at the time that the expense is incurred. Itemized receipts must be maintained for audit purposes and may be required to be submitted as a basis for reimbursement.			
For Lump Sum - Documentation is not required. Invoicing is paid according to the Table of Deliverables, and it includes labor and other direct expenses.			
NOTE: For Cost Plus Fixed Fee, Specified Rate, and Unit Cost - Miscellaneous other direct expenses up to \$150 per unit will be reimbursed at cost if approved and documented in advance by the State's Project Manager. Miscellaneous other direct expenses greater than \$150 per unit will not be reimbursed unless a supplemental agreement to the contract and work authorization (if WAs are used) has been executed in advance, authorizing the miscellaneous other direct expenses. No more than \$5,000 in miscellaneous other direct expenses may be approved by the State's Project Manager over the life of this contract including prime provider and subproviders.			
For Lump Sum - This statement does not apply.			
NOTE: For Construction Truck and Construction Truck (4x4) - Provider owned vehicles that are included and listed as part of the inventory for calculation of the overhead (or indirect cost) rates will not be reimbursed as a direct cost.			

Invoicing ODEs

Invoicing for each ODE must be based on the type of reimbursement allowed for that unit, which is either: 1) a fixed cost for each unit, or 2) the actual cost to the provider, up to a maximum allowed for that unit. For example, in the above table, photocopies must be invoiced at the fixed cost of \$0.25 per copy; however, Parking must be invoiced at the actual cost to the provider, up to a maximum allowable cost of \$30.00 per day.

Receipts are required for any ODE that is invoiced as an actual cost or invoiced for the maximum cost allowed for that unit when using Specified Rate, Cost Plus Fixed Fee, or Unit Cost payment types. An exception is Meals, which are discussed in the **Other Direct Expenses Related to Travel** section below.

Identifying ODEs in the Contract and Work Authorization

The categories of ODEs to be incurred by the provider and reimbursed by TxDOT depend on the type of work to be issued under the contract. For PS&E work, the list of ODE categories expected can be small. For advance planning and other projects that can involve a more significant variety and range of tasks, the list of ODE categories required can be extensive. The PEPS Procurement Engineer will work with the TxDOT PM and prime provider to ensure all anticipated ODE categories are included by the Negotiation Center in the contract.

The TxDOT PM must work with the prime provider to ensure, within reason, that the list of potential ODE categories for each WA is as comprehensive as possible. During WA negotiations, the TxDOT PM is encouraged to consult with the PEPS Service Center to make sure potential categories related to the specific project are included. In addition, the provider should be encouraged to coordinate thoroughly with their subproviders to ensure that potential categories are adequately addressed.

ODE categories not included in the original contract may only be added through a Supplemental Agreement.

Other Direct Expenses versus Unit Costs

ODEs are “non-labor” direct expenses. Negotiated rates for categories associated with Unit Cost payment method should not be confused with ODEs.

The unit cost payment type is based upon the type and number of fully completed units of work and the respective unit cost. The unit cost rate includes all direct (labor and non-labor) costs, indirect costs, and profit. Unit cost categories typically include repetitive tasks associated with Materials Engineering or Geotechnical Engineering, or certain tasks in Traffic Engineering, Survey, or Utility Engineering contracts. Examples include costs associated with a specific laboratory test or an hour of surveying by a three-person crew. Unit cost categories and rates are included on a separate unit cost rate table template that is part of Attachment E, and a separate table will be negotiated for each firm performing unit cost tasks.

Other Direct Expenses Related to Travel

The primary ODE categories related to travel are:

- ✓ hotel/lodging
- ✓ meals (per diem)
- ✓ mileage
- ✓ vehicle usage
- ✓ air travel
- ✓ taxes and fees

Reimbursement rates for hotels/lodging, meals (per diem), and mileage are set by legislature and are subject to change. Expenses are controlled for hotels/lodging, meals, and mileage by limiting these costs to the “Current State Rate” as indicated in the example table shown in the section **Format**

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of **Negotiated Costs**. Referencing “Current State Rate” in the contract, rather than a specific value, eliminates the need for a supplemental agreement when there is a change in the rates.

For lodging and meals, the 81st Texas Legislature set the State Per Diem rate to the Federal Per Diem rate, which can be found on the US General Services Administration (GSA) website at: [GSA Per Diem Rates](#). The state does not reimburse for the following items:

- alcoholic beverages
- tips
- car rental insurance fees
- entertainment expenses
- personal expenses not related to the state business
- political expenses

(Note: The application of state rates for hotels/lodging, mileage, and meals for state employees may not be the same rate as the GSA Per Diem Rate.)

The rates for hotels/lodging and meals are identified as maximums. The intent is to reimburse the actual cost “not to exceed” the identified maximum rate for the specific city of travel, as listed on the GSA webpage at the link shown above.

For Specified Rate, Cost Plus Fixed Fee, and Unit Cost payment types, receipts are required for all ODEs for which the actual cost is reimbursed, up to a maximum cost, with the exception of Meals. The following table summarizes travel costs:

Table 2: Reimbursable Travel Costs

Type of Travel ODE	Reimbursement	Maximum Set By	Receipt Required for Invoice	Receipt Required for Audit
Hotel/Lodging rate	Actual Cost	GSA rate for city	yes	yes
Hotel/Lodging Taxes/Fees	Actual Cost	Negotiation Center set in Attach E	yes	yes
Meals	Actual Cost	Per diem rate for city (GSA rate)	no	yes
Car/Vehicle Rentals	Actual Cost	Negotiation Center set in Attach E	yes	yes
Air Travel	Actual Cost	GSA rate for city	yes	yes

Hotel/Lodging

Conventional Hotel/Lodging

It is common for hotels/lodging in any city to offer government rates. Some hotels/lodging require proof of government business, but most do not. If needed, the TxDOT PM can provide a letter to the provider indicating their responsibility on a particular contract or project that can be used for justification. (Note: There is no exemption from state and local taxes when traveling for state business purposes.)

The GSA link shown above may be used to search for the maximum allowable rate for the specific city of travel. TxDOT will reimburse the actual amount paid, up to the allowable rate shown. Receipts are required for reimbursement.

Example No. 1:

A provider uses one night of lodging and one day of rental car on March 1, 2022, in Waco, Texas. Receipts are required for each item.

1. The provider paid \$139.52 per day for renting a midsize sedan. This ODE type is limited to the actual rental car rate, including taxes and fees, up to the \$100 maximum allowed on the ODE Attachment E. The provider will invoice \$100 for the rental car charges.
2. The hotel cost was \$97.00 per night, excluding taxes and fees. The provider will invoice the actual hotel rate per night, up to the maximum allowed. The GSA rate for March in Waco is \$107.00. The provider will invoice \$97.00 for the hotel cost.
3. For Waco, the current city, county, and state tax rate totals 15%. The invoice will contain the actual taxes and fees charged by the hotel, up to a maximum of \$45.00. Therefore, the invoice will include: $\$97.00 \times 15\% = \14.55 for the taxes and fees.

Hotel/Lodging: Extraordinary Exception

There may be location specific areas, such as energy sector activities in Midland and Odessa or areas impacted by natural disasters such as Hurricane Harvey, where a traveler may not be able to find a room within the established per diem rates for the specific city of travel.

In these areas, the PEPS Division Director may authorize reimbursement of the actual hotel charges up to 300% of the established per diem rates, as an Extraordinary Exception. Such a request will be made by the applicable PEPS Service Center and the exception will be applicable for contracts within the specified area for the duration of the period specified within the PEPS Division Director's written authorization. The PEPS Division Director will not consider an exception unless the actual rate exceeds 150% of the GSA rate. Additional documentation, including PEPS Division Director written authorization, will be required to support the charges at the time of invoicing. Hotel and Lodging taxes are an additional charge. (See the **Taxes and Fees** section of this document for additional information.)

No exception will be considered for short term events, such as sporting, entertainment, or political events. This is not a standard provision, but only applicable to contracts with an Extraordinary Exception provision authorized by the PEPS Division Director.

With PEPS Division Director written authorization (email), the Extraordinary Exception may be negotiated and be included in Attachment E of the contract, as indicated in the table shown below. If an Extraordinary Exception is necessary and approved after contract execution, then a supplemental agreement to the contract must be executed prior to travel and billing associated with the Extraordinary Exception.

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Table 3: Example of ODE with Extraordinary Exception

Type	Unit	Fixed Cost	Maximum Cost
Lodging (taxes/fees not included)	Day/Person		Current State Rate (GSA Rate for the specific city of travel), unless otherwise approved by Extraordinary Exception

Shared Hotel/Lodging

The amount invoiced for each person shall include sufficient detail and documentation to support the request for reimbursement. If more than one person shares a room, the reimbursement amount for each individual is limited to one-half of the allowable double occupancy rate shown for the city of travel. The daily amount for each person shall not exceed the current state rate.

Monthly Housing

For long term construction projects where conventional lodging is not available or is not an economic option, monthly housing such as an apartment, house, recreational vehicle, or other lodging suitable for long-term use may be used.

The provider must obtain approval from the TxDOT PM for the use of lodging on a long-term basis (monthly). The Monthly Housing rate is used for rental of an apartment, house, or recreational vehicle (RV). The provider will invoice the actual cost of long-term rental up to the allowable maximum cost. This rate includes the apartment/house rental or rental of a lot at an RV park, the travel trailer rental expense, utilities, and taxes. The only receipt necessary for the reimbursement of this rate is for the apartment, house, or RV rental or lot rental. Receipts for utilities and furnishings rental would be needed if they are not included in the housing rental receipt. Only full-time staff who are in the field may use this rate. Use of this rate shall be substantiated by timesheets submitted for the full-time personnel in the field. Monthly housing may not exceed Lodging/Hotel rates for the same period.

Example No. 2:

A provider needs one month (30 nights) of lodging to work at a construction site near Big Spring, Texas. The GSA rate for March 2022 in Big Spring is \$136.00 per night. Receipts are required.

1. The only available hotel in the area has a rate of \$125.00 per night. With taxes and fees at 13%, the total cost per night is \$141.25. For 30 nights, the cost will be \$4,237.50.
2. A monthly apartment rental, including utilities, and taxes, costs \$2,500.00 per month.
3. The allowable maximum Monthly Housing cost is \$4,000.00 per month, which includes housing, furnishings, and utilities only.
4. The provider will rent an apartment and invoice \$2,500.00 per month for Monthly Housing.

The following expenses may be considered part of the lodging cost:

- The rental cost for a furnished dwelling; if unfurnished, the rental cost of the dwelling and the rental cost of appropriate and necessary furniture and appliances (e.g., stove, refrigerator, chairs, tables, bed, sofa, television, or vacuum cleaner); and
- Cost of connecting/disconnecting and using utilities.

On long term projects where an employee is lodging near the project site, TxDOT will reimburse meals and lodging expenses over non-workdays such as holidays or weekends, so long as the employee is required to work at the project after the non-workdays. In determining whether an employee should stay at the project site or travel home during the non-workdays, will depend on which is the most cost effective, so long as there is no impact to work on the project.

Lodging with friend(s) or relative(s)

Reimbursement will not be provided.

Personally owned residence (i.e. permanent or mobile home)

Reimbursement will not be provided.

Recreational Vehicle (RV) (i.e.: trailer/camper)

The TxDOT PM may approve reimbursement for expenses associated with the use of an RV in lieu of other types of lodging. Reference the **Monthly Housing** section for more information, if applicable.

TxDOT will not reimburse any expenses associated with the purchase, sale, or payment of a personally owned or company-owned RV.

The following expense may be considered part of the lodging costs when personally owned or company-owned RVs are used:

- The cost for parking the RV (i.e.: parking in an RV park),
- Costs for connection, use, and disconnection of utilities (i.e.: electricity, gas, water and sewage, bath or shower fees, and dumping fees).

Additional detail on hotel/lodging reimbursement can be found at:

<https://www.gsa.gov/travel/plan-a-trip/lodging>

Hotel/Lodging Taxes

Taxes and fees for hotel/lodging are reimbursed as a separate line item from the actual room rate in the invoice. (For more information, see **Taxes and Fees** section of this document.)

Meals (Per Diem)

Meals may be reimbursed as an ODE if a provider is traveling for the project and has an overnight stay. Meals are reimbursed for actual cost per day (per diem), using the current state rate as a maximum cost. The current state rate is equivalent to the GSA Meal rates. See the [GSA Breakdown on Meals and IEs](#) section below to calculate this rate. The GSA webpage should be used to determine the maximum allowable rate for the specific city of travel. The meal rates are shown under the column heading **M&IE** on the rate schedule shown for the city

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of travel. Receipts for meals are not required when submitting an invoice; however, meal receipts must be maintained by the provider for audit purposes.

When an individual or several individuals are utilizing long term lodging (one week or more), the purchase of food at a grocery store or convenience store is acceptable. The food purchase will be invoiced in lieu of a daily rate for meals. The amount negotiated cannot exceed 75% of the daily per diem rate for the period of use (e.g. one week). The request for reimbursement must identify the individuals, the time period of use (e.g. one week), and the food receipts.

If an individual or several individuals are staying in a location for several days (less than a week - not associated with long term lodging) or where restaurants are not available, the purchase of food at a grocery store or convenience store is acceptable. The reimbursable amount of the purchase must be equal to or less than the daily allowable rate for meals for the length of stay in the city of travel and will be invoiced in lieu of a daily rate for meals. The request for reimbursement must identify the individuals, the time period of use (number of days less than one week), and the food receipts.

Incidental Expenses (IEs)

The federal per diem rates include \$5.00 in IEs. The \$5.00 shall be deducted from the GSA total rate shown for the city of travel. These IEs may include parking, taxi service, and tolls that should be included in the ODE rate schedule under separate line items to be reimbursed.

TxDOT does not reimburse IEs other than actual costs incurred for allowable meals.

GSA Breakdown on Meals and IEs

Click on the following link for information on the GSA website about the breakdown of meals and incidental expenses: [GSA Meals and Incidental Expenses Breakdown](#)

[Click on the following link to calculate the allowable rates by city of travel: GSA Per Diem Rates](#)

The following tool may be used to calculate the allowable Hotel/Lodging maximum rate for the city of travel, and the allowable Meal rates. The meal rates with this tool will automatically calculate the meals at 75% for the first and the last day of travel since those days are not a 24 hour stay. (Note: The IE amount of \$5 per day must be deducted for the meal allowance, even for those days that are reimbursed at 75%.)

Reference the **GSA Meals and Incidental Expenses Breakdown** link shown above for a breakdown on meals - breakfast/lunch/dinner). Per federal guidelines, the per diem rates are reimbursed at 75% of the maximum allowable rate shown for the city of travel for the first and the last day of travel.

To calculate travel rates, use the per diem calculation tool found at: [GSA Travel Resources - Per Diem and Lodging Calculation Tool](#)

Mileage

The mileage rate is identified as a fixed rate because the state rate per mile will be used to calculate the reimbursable amount for the actual number of documented miles driven for the project as indicated in the WA. A mileage log will be required for reimbursement.

Mileage will be reimbursed at the current state rate at the time that the expense was incurred. The mileage rate shown in the WA is a basis of calculations to arrive at the maximum amount payable for the WA.

The fluctuation in mileage rates will not be a cause to increase the overall amount for the WA. The mileage rate calculated for Lump Sum WAs will not be adjusted if the current state rate changes during the life of the WA.

Travel from Point to Point in Company or Personal Vehicles

Reimbursement for mileage (if applicable) will be paid at the state rate. Distance will be calculated from departure point to destination point. Should a provider have more than one office within the state that provides the same services, the departure point will be considered from the provider's closest office providing the services to the project site or destination.

When overnight travel is involved, miscellaneous mileage such as to and from the lodging facility to the project site is an allowable expense. Mileage for construction inspection and materials engineering (i.e.: to collect samples) within the project limits is allowed with documentation such as mileage logs as indicated below. If mileage is charged, fuel charges will not be allowed.

When mileage is charged, a mileage log must be maintained to support the charge, which includes at a minimum travel dates, times, locations, and mileage traveled. Travel from a personal residence to the final destination will not be reimbursed if it exceeds the distance from the provider's closest office to the final destination.

Additional Information on allowable mileage rates can be found at:
[GSA - Privately Owned Vehicle \(POV\) Mileage Reimbursement Rates](#)

Vehicle Usage

Construction or Equipment Truck

Reimbursement will be made on a daily or monthly basis.

- If five or fewer days, use the daily rate.
- If more than one week, but less than one month, prorate the monthly rate.

The reimbursement rate includes all costs of operating the construction or equipment truck. When using this rate, mileage cannot be charged. If the truck is used on more than one project, then the cost must be shared across the projects. Provider vehicles that are included and listed as part of the inventory for calculation of the overhead rates will not be reimbursed as a direct cost.

Example No. 3:

If a construction truck is used for two weeks on a project, the monthly rate of \$1,200 will be prorated using an average of 4.3 weeks per month. The prorated rate will be:

$$(\$1,200 / \text{month} \div 4.3 \text{ weeks/month}) \times 2 \text{ weeks} = \$558.13.$$

The provider will invoice \$558.13 for the truck.

Personal Vehicles

Reimbursement must be approved by the TxDOT PM prior to the use of personal vehicles on the project. Reimbursement will not be made for anything other than mileage. (Reference the detail under **Mileage** section above for mileage usage log requirements.)

Car/Vehicle Rentals

Reimbursement for rental car costs is based on the actual cost of the rental, including taxes and fees, up to a maximum allowable cost. Insurance costs will not be reimbursed. A receipt is required to document the total rental cost per day.

Fuel costs for rental vehicles will be reimbursed for the actual cost incurred, up to the maximum allowable cost. A mileage log from the provider, along with the fuel receipt, is required to support the reimbursable amount of fuel used for a vehicle rental. Reimbursement for mileage does not apply.

Additional information on allowable charges can be found at:

[Federal Travel Regulations](#) [FTR (41 CFR) [PDF]]

Air Travel

Air Travel may be reimbursed using the four categories defined on the ODE Attachment E. The categories are separated by in state or out-of-state travel, and by the length of notice given to reserve the travel. The provider may be reimbursed for the actual cost of the round-trip airfare for each person, assuming a “coach” type of ticket, up to an allowable maximum cost. Receipts are required for reimbursement.

Taxes and Fees

Hotel/Lodging:

Taxes and fees for hotel/lodging are reimbursed as a separate line item from the actual room rate in the invoice. Receipts are required for reimbursement.

Lodging taxes paid are limited to the taxes on reimbursable lodging costs. For example, if the current State rate is \$100 per night, and the provider elects to stay at a hotel that costs \$150 per night, the provider can only claim the amount of taxes on \$100, which is the maximum authorized lodging amount.

Car/Vehicle Rental

Taxes and fees for car/vehicle rentals are included in the Rental Car category on the ODE rate schedules. Providers should invoice the actual total cost of the rental car, up to the allowable maximum cost. See Example No. 1 above.

For additional information on Hotel/Lodging, Per Diem, and Mileage, reference the GSA website on **Allowable Travel Expenses** at:

Travel Resources: <https://www.gsa.gov/travel?topnav=travel>

Federal Travel Regulation: <https://www.gsa.gov/policy-regulations/regulations/federal-travel-regulation>
Federal Travel Regulation: <https://www.gsa.gov/policy-regulations/regulations/federal-travel-regulation?topnav=travel>

Rewards Points

A firm cannot be reimbursed for the value or cost of a discount on a travel expense unless the firm (employee) paid money to obtain the discount. If an employee receives a discount as a benefit of making unrelated purchases or conducting unrelated business with the provider of the discount, the discount is considered to be provided free to that employee. Thus, a firm can only charge the cost of the travel expense less any discount received through the use of reward points. The Comptroller's position on the issue can be found on their website:

<https://fm.xcpa.texas.gov/fmx/travel/texttravel/misc/disc/discounts.php>.

Other Direct Expenses for Postage and Shipping:

- **Standard postage:** this is the fee charged by the US Postal Service (USPS) for a standard letter. The Current Postal Rate is a fixed rate set by the USPS.
- **Certified Letter Return Receipt:** this is the fee charged by USPS to provide mailers with evidence of delivery. The rate is a maximum cost based on the Current Postal Rate.
- **Overnight Mail – letter size:** this is the fee charged by USPS (or other overnight delivery service such as FedEx, UPS, etc.), to guarantee a letter will get to the recipient by the next day. These could be sent by Priority Mail or Flat Rate envelopes. The cost depends on the size of the letter and the destination. The rate is a maximum cost based on the Current Postal Rate, including all packaging materials.
- **Overnight Mail – oversized box:** this is the fee charged by USPS (or other overnight delivery service such as FedEx, UPS, etc.), and is a guarantee that a package will get to the recipient by the next day. For the USPS, these could be the Priority Mail or Flat Rate boxes. The cost depends on the size of the letter and the destination, and a maximum cost is shown on the ODE Master List, including all packaging materials.
- **Materials and Shipping:** this is for packaging materials (large boxes, tubes, packaging popcorn, etc.) and the fee to send deliverables that won't fit into a standard overnight envelope or box. The cost could be variable by size and destination, so a maximum cost is shown on the ODE Master List, including all packaging materials. The number of times this type of ODE is charged should be minimal for each project.
- **Note:** When a maximum cost applies, TxDOT reimburses the actual rate paid up to the maximum amount shown on the Other Direct Expense table of Attachment E in the contract.

Miscellaneous Other Direct Expenses

The contract must include adequate controls, such as a well-defined scope of work and reasonable fixed or maximum rates for ODE categories. An ODE that is needed for a WA but is not included in the

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contract Fee Schedule may be added as a miscellaneous ODE by the TxDOT Project Manager at the request of the provider, if the following requirements are met:

- TxDOT authorization must be obtained **prior to** incurring the cost.
- The cost **per unit** is limited to ***\$150 or less**.
- The total that can be approved in **one contract** is limited to ***\$5000**.

*Reference the note in the ODE table for the specific contract.

The Service Center managing a contract will track approvals and costs for miscellaneous ODEs.

An example table – **Miscellaneous Other Direct Expenses Tracking Sheet** – is available on the PEPS website and will be maintained for each contract by the PEPS Service Center.

An approval to incur a miscellaneous ODE does not increase the maximum amount payable for the WA or contract. The provider can invoice the expense for reimbursement, but the amount will need to be absorbed by the existing WA maximum not to exceed amount. Depending on the amount, the provider may request that the unexpected item(s) be added to the contract by SA, so that the maximum amount payable can be increased by the anticipated cost.

Recurring expenses that are not part of the contract or WA should be added to the contract by supplemental agreement (SA), and then to the WA by supplemental work authorization (SWA), as applicable. For lump sum (LS) agreements, payment is based upon the receipt and approval of the deliverable, rather than an invoice with itemized expenditures and corresponding backup documentation. For LS, approval of an unexpected miscellaneous ODE is not necessary because reimbursement of the specific expense will not be requested as with other payment types. A provider that is not willing to incur and absorb the unexpected expense, that is a mutually agreed upon need, may request an SA to increase the lump sum total.

Availability

A copy of these instructions is published on TxDOT's external webpage for provider direct access at the link shown below, under the section title "Resources":

<https://www.txdot.gov/business/peps/resources.html>

For questions, contact PEPS_COE_Process@TxDOT.gov