



INDIANA DEPARTMENT OF TRANSPORTATION

Driving Indiana's Economic Growth

100 North Senate Avenue
Room N749
Indianapolis, Indiana 46204

Mitchell E. Daniels, Jr., Governor
Michael B. Cline, Commissioner

Memorandum

To: INDOT Divisions; and Consultant Firms

From: INDOT Division of Economics, External Audit, and Performance Metrics

Date: **August 30, 2011**

Re: Consultant Firm Billing Direct Hourly Rate Guidelines

The Indiana Department of Transportation (INDOT) made adjustments in 2010 to its limitation on hourly rate for reimbursement of incurred direct labor for architectural and engineering consulting service contracts. The limitation was based on a review of 2009 actual hourly rates for personnel at firms submitting financial information for Prequalification with INDOT. INDOT established a new policy in August 2011 such that there is no hourly rate increase in 2011.

The maximum allowable reimbursement for incurred direct labor is \$59.89 per hour.

This hourly rate of \$59.89 is effective for INDOT contracts signed on or after July 1, 2010 through June 30, 2012 and is not retroactive for contracts signed before July 1, 2010, unless included by an explicit clause in the contract. The new policy affects contract and amendment hourly rate escalation terms.

1. Existing contracts receive rate escalation as written in the contract.
2. In process contracts and amendments that have been signed by the consultant receive escalation as written in the contract.
3. Labor rate contracts and amendments not yet signed by the consultant will have the new escalation language incorporated.
4. Amendments processed between now and June 30, 2012 and that received 2.4% escalation on July 1, 2011 will lose the 2.4% escalation for the remainder of the contract.

INDOT will consider rate adjustments annually. The standard adjustment, if not altered by INDOT, will be the 12 month ECI percent change as of the prior calendar year ending December 31, and will be applicable on July 1st of each year. A negative percentage change will automatically result in an equal decrease in the rate, provided, however, INDOT reserves the right to annually consider relevant economic and financial factors to make any rate adjustment it considers in the best interest of the State of Indiana. The rate was adjusted in 2010 from the previous amount according to the Employment Cost Index (ECI) for the 12 months ended December, 2009, which for this time period was 0.4%. The ECI for the 12 months ended December, 2010 was 2.4%.



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The ECI is from Table 9 Wages and Salaries (not seasonally adjusted) for private industry workers, for the group Professional, scientific, and technical services, Base = December 2005, as issued by the US Department of Labor, Bureau of Labor Statistics.