



INDIANA DEPARTMENT OF TRANSPORTATION

100 North Senate Avenue
Room N749
Indianapolis, Indiana 46204

Michael R. Pence, Governor
Karl B. Browning, Commissioner

Memorandum

To: INDOT Divisions; Consultant Firms
From: INDOT Division of Economics, External Audit, and Performance
Metrics *Mark A. Kately*
Date: August 27, 2014
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 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 ECI for the 12 months ended December, 2013 was 1.4%.

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.

INDOT conducted a review of 2012 actual hourly rates for personnel at firms submitting financial information for Prequalification with INDOT. The results of that review indicated an average hourly rate lower than the current \$62.19. INDOT has elected to make no adjustment to limitation on hourly rate for reimbursement of incurred direct labor.

The maximum allowable reimbursement for incurred direct labor is \$62.19 per hour.

This hourly rate of \$62.19 is effective for INDOT contracts signed on or after July 1, 2014 through June 30, 2015 and is not retroactive for contracts signed before July 1, 2014, unless included by an explicit clause in the contract. The new policy affects contract agreement and amendment hourly rate escalation terms.