



INDIANA DEPARTMENT OF TRANSPORTATION

100 North Senate Avenue
Room N749
Indianapolis, Indiana 46204

Eric Holcomb, Governor
Joe McGuinness,
Commissioner

Memorandum

To: INDOT; Consultant Firms
From: INDOT Division of Economics, External Audit, and Performance Metrics
Date: June 6, 2019
Subject: **Consultant Firm Direct Hourly Billing Rate Notice**

As you all are aware, in the past couple years we have worked with our consulting partners with regard to different metrics that are considered and applied to generate the following year's rate adjustment.

In the past we have utilized ECI as set forth by the US Department of Labor fairly consistently. Most recently, when it appeared perhaps that ECI lagged behind the state of Indiana, we utilized the state employees "Meets Expectations" rate increase as the standard.

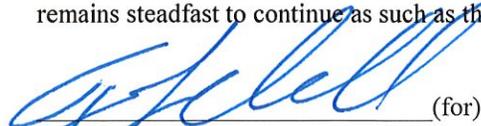
This year, it appears that the national average, which traditionally lagged behind state employment raises, has surpassed last years metric. This year ECI is 2.9%, while the state employees "Meets Expectations" raise was maintained at 2%. It is also noted that the ACEC 2019 Salary and Benefits survey sets forth 0.2% when considering all positions and 2.1% when considering engineers only.

In an effort to work together and keep our state competitive, **we are setting the annual labor rate adjustment, effective July 1, 2019, at 2.9%.**

The maximum allowable reimbursement, without executive approval, for consultant's incurred direct labor shall be \$69.54 per hour. The annual labor rate adjustment and the maximum allowable reimbursement shall apply to all INDOT contracts signed on or after July 1, 2019 through June 30, 2020 and is not retroactive for contracts signed before July 1, 2019, unless indicated by an explicit clause in the contract. The annual labor rate adjustment and maximum allowable reimbursement affects contract agreement and amendment hourly rate escalation terms as provided in the relevant contract types.

You may recall in the past two years we offered that using the "Meets Expectations" would be a more appropriate standard of measurement going forward and would be a better reflection of Indiana as compared to the country. We trust that our setting of the rate above our standard is understood as further continued support and partnership with our consulting partners.

As you have seen within the past year, INDOT has committed to increased lump sum contracting, and remains steadfast to continue as such as these types of contracts are not affected by this rate.



(for)
Joe McGuinness
Commissioner
Indiana Department of Transportation