



**Arizona Department of Transportation**  
**Intermodal Transportation Division**  
206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janet Napolitano  
*Governor*

Victor M. Mendez  
*Director*

January 14, 2008

Sam Elters  
*State Engineer*

**INFORMATION BULLETIN NO. 08-01**

TO: Consultant Engineering Firms, ADOT Project Managers  
& ADOT Office of Audit & Analysis

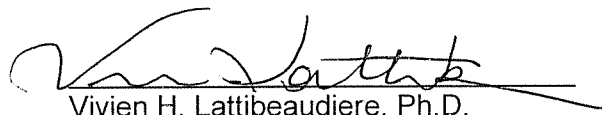
FROM: Engineering Consultants Section

SUBJECT: Related Party Transactions – ADOT's Cost Allowability Guideline

In accordance with the Federal Acquisition Regulation (FAR), Subsection 31.205-26(e), effective immediately, a firm providing subconsulting services, on a cost basis, to a Prime Consultant, under common control (related party), may bill the Prime Consultant a fee (profit) provided that:

- (a) The Subconsultant's fee/profit rate is established during the initial cost negotiation process with the Prime Consultant; and
- (b) The Subconsultant's costs are not included in the Prime Consultant's indirect cost pools.

If you have any questions regarding this bulletin, please contact Engineering Consultants Section at (602) 712-7525.



Vivien H. Lattibeaudiere, Ph.D.  
ECS Director