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INFORMATION BULLETIN NO. 10-11
(Supersedes Information Bulletin 07-03)

TO: ADOT Project Managers
Resident Engineers
Consultant Engineering Firms

FROM: Engineering Consultants Section (ECS)

SUBJECT: **Salary Caps Elimination and New Pre-Award Process**

Effective February 14, 2011, the salary caps set per Information Bulletin 07-03 are rescinded to conform with Federal Highway Administration (FHWA) policy, FAR Part 31 and 23 CFR, Chapter 1, §172.7(b) for contracts involving federal funds.

In place of salary caps, ADOT Audit and Analysis (A&A) will review the direct labor rates of all wage classifications submitted on cost proposals for reasonableness in conjunction with its overhead review. To perform its review, A&A will use a methodology based on a historical cost study of three years of direct labor rates paid to prime consultants. This methodology has been reviewed and approved for use by the FHWA.

ECS will determine if direct labor rates proposed by the prime and subconsultants are reasonable based on the historical cost study analysis.

This change will not affect past contracts or any contracts that are currently in negotiations. The change will only affect the contracts that have been selected/awarded on or after February 14, 2011.

Any questions regarding this bulletin should be directed to the Engineering Consultants Section at (602) 712-7525.

A handwritten signature in black ink, appearing to read "V. Lattibeaudiere", is written over a horizontal line.

Vivien Lattibeaudiere, Ph.D.
Director
Engineering Consultants Section