Arizona Department of Transportation

Intermodal Transportation Division

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Jane Dee Hull
Governor

Victor M. Mendez
Director

Dick Wright
State Engineer

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INFORMATION BULLETIN NO. 02-08

TO: ADOT Project Managers/Monitors, Resident Engineers And Consultant Engineering Firms

FROM: Engineering Consultants Section

SUBJECT: PROCEDURES FOR ON-CALL SERVICE CONTRACTS

Please be advised that the above referenced procedure was amended to allow for annual revision of overhead rates, except for construction administration contracts.

Paragraph 3 of the procedures for on-call contracts was amended as follows:

> After approval of the selected firms, negotiations are entered into to determine the items of cost to be contained in the contract relative to direct labor, overhead, direct expenses and fixed fee. Specific billing contract rates are established for the original contract period at this time. Pre-award audits are performed each year if the contract is expected to exceed $50,000. All overhead rates, except for construction administration contracts, will be revised annually (if overhead rates have been provided to and approved by Audit & Analysis) as negotiated overhead rates and apply to Task Orders authorized in each of the respective years of the contract.

All new on-call contracts with the exception of the construction administration contracts advertised after August 1, 2002, will contain the following revised "Consultant Compensation" contract language. In addition, this language will be required on any of the subsequent subconsultant contracts

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3 02 CONSULTANTS COMPENSATION – LUMP SUM BY TASK ORDER

2. Total compensation for the work performed shall not exceed the sum of $_____ plus approved adjustments. The Overhead rate, Direct Expenses and Fee are subject to change pending Pre-Negotiation Audit Review. Initially, the contract will be given a Negotiated Provisional overhead rate of _____%. Upon receipt of the Pre-Negotiation Audit Review, a contract modification will be executed to establish the Negotiated overhead rate for the contract. A redetermination adjustment in the total amount paid or to be paid on all payment reports shall be made to reflect the established Negotiated overhead rate, and resulting additional payments, refunds, or credits shall be made promptly. For following years, if overhead rates have been provided to and approved by Audit and Analysis, a contract modification will be executed to revise the Negotiated overhead rate at each renewal year(s) of the contract. The Task Order Notice to Proceed date will be the effective date for all redetermination of costs under contract modifications.

The above applies to both prime, as well as, subconsultants.

Please find attached a copy of the Procedures for the On-Call Services Contracts containing the revised language.

If you have questions regarding this bulletin, please feel free to call Susan Tellez at (602) 712-7525.

Catherine J. Hegel
Contract Administrator

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