



July 26, 2024

TO: All DPW Engineering and Construction Staff, and Consultants

FROM: Nathan S. Sheets
Deputy Director – Engineering
Department of Public Works

CC: Department of Public Works Project Managers

RE: Consultant Contract Rates for PSA Contracts:
Design, Inspection and Studies

EFFECTIVE: Immediately (Retro-active for contracts selected under RFQ 2024-1)

SUPERSEDES: Design Memo 2021.01 PSA Consultant Contract Rates

The following guidelines shall be used for establishing contract rates for professional service agreement contracts for DPW Engineering:

1. Contract rates should be developed using certified, raw hourly rates with overhead and profit applied. Certified payroll will be requested by DPW at the time of selection. Rates summarized in the certified payroll should be reviewed and signed off on by a qualified professional.
2. Overhead rates shall align with the firm's most recent, relevant INDOT audited overhead rate and should be based on the local office's performance. National overhead rates are not allowed. INDOT audited overhead rate letters shall be provided.
3. If a firm does not have an INDOT audited overhead rate, the use of a non-standard overhead rate may be considered if the firm can provide documentation showing that the overhead rate is prepared and certified in accordance with 48 CFR Part 31-Federal Acquisition Regulations.
4. A non-standard overhead rate should be based on the local office's performance. National rates or home office overhead rates are not allowed.
5. The use of a non-standard overhead rate must be approved by the Deputy Director of Engineering or Director of Public Works.
6. The allowable profit rate for DPW professional service agreements shall be derived, based on overhead rate, using the following matrix:



Audited Overhead Rate	Profit
<= 120%	15%
> 120% & <= 160%	14.3%
> 160% & <= 180%	13.6%
> 180% & <= 190%	12.9%
> 190%	12.2%

7. DPW will not allow Facilities Capital Cost of Money (FCCM) to be included within consultant rates.
8. A contract rate table should be developed by classification using the firm's specific job titles for the work types anticipated, which will vary by firm (Engineer 1, Engineer 2, Sr Project Manager, etc), using certified, raw hourly rates with overhead and profit applied. The raw rates used to develop contract rates should be an average of raw rates for each position/title as documented within the certified payroll.
9. The contract rate table should include at least five columns:
 - Title/classification
 - Raw rate (average based on certified payroll)
 - OH rate
 - Profit
 - Resulting billing rate
10. Billing rates on all invoices must match contract rates.
11. For all contracts that span multiple years, the allowable escalation for DPW Professional Service Agreements is capped at 3%.
12. It should be noted that the City's fiscal year spans from January 1 to December 31. Contract rates will not be escalated within the City's fiscal year.