



TRANSPORTATION CABINET

Frankfort, Kentucky 40622
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Steven L. Beshear
Governor

Joseph W. Prather
Secretary

STATE HIGHWAY ENGINEER POLICY # 2008-04

MEMORANDUM

TO: Chuck Knowles
Ray Polly
Bill Gulick
Chief District Engineers
Division Directors
Project Managers

FROM: O. Gilbert Newman, P.E. 
State Highway Engineer

DATE: February 22, 2008

SUBJECT: Overhead and wage rate caps

On January 8, 2007, the Division of Program Performance issued a notice for the approval of Kentucky Administrative Regulations and the "Implementation of the Brooks Act" and its effect regarding Professional Services Procurement. The memo stated that state-funded contracts negotiated for services advertised prior to December 1, 2006, would continue to be negotiated with overhead and wage rate caps, and subsequent contract modifications to these agreements would also be negotiated with the same caps. Contract modifications on Federal Projects have also adhered to the wage rate and overhead caps when the original agreement was negotiated based upon caps.

With this memo, I am hereby advising that the KYTC policy for negotiation fees for contract modifications will no longer apply wage rate or overhead caps for any state or federal professional services agreements. Regardless of the methods used in the original agreement or any subsequent contract modifications for negotiations, any modifications negotiated from here forward, will not apply wage rate or overhead caps to negotiate a fair and reasonable fee.

Any modifications currently in process, but not yet executed, may be requested to be re-negotiated without caps. Any letter agreements negotiated under statewide agreements, also will no longer apply wage rate or overhead caps.

c: Jose Sepulveda, FHWA
Mike Hill, Program Performance

