

Q: How do I know if I am required to establish billing rates with the ODOT Billing Rate Team for my contract?

A: There are a few ways to identify this:

1. If the contract was procured through qualifications-based selection, and consideration for price was not allowed AND the compensation exhibit of the ODOT contract references the Consultant Billing Rate Standard and related billing rate requirements:

Rates are required.

2. If the RFP required pricing or cost as part of the proposal:

You will NOT need to establish rates with our billing rate team. Rates will be negotiated between your firm and the ODOT project manager/contract administrator based on the prices/costs proposed. Those rates are then referenced in the contract and saved to the contract administration folder, as well as the procurement folder.

Need help? Review the ODOT Billing Rate Policy ([AGR 06-01](#)) and contact ODOTBillingRateUpdates@odot.oregon.gov, if needed. Sub-consultants may need to inquire with the prime about the first two questions to support discussions with the billing rate team.

Q: How do I establish rates?

A: Review the Consultant Billing Rates Standard. This standard and all the required submittal items can be found on our [website](#), along with an on-demand video that outlines the process.

Q: Does our Indirect Cost Rate (ICR) need to be audited?

A: Not necessarily. Internally prepared, unaudited ICR schedules may be acceptable.

An audit report is required when:

1. A firm has met the \$1M threshold defined by the ODOT Billing Rate Policy.
2. Has received an independent audit for the FY under review.
3. Has received a cognizant audit from a state or federal agency for the FY under review.

The full set of requirements are outlined in the contract and restated in the ODOT Billing Rate Policy ([AGR 06-01](#)).

Q: What if I'm a sole proprietor and have not established accounting practices to support an ICR?

A: Your firm may qualify for our alternative process for a Negotiated Billing Rate (NBR) schedule. Review the [ODOT Billing Rate Standard](#). You can also begin by emailing our team at: ODOTBillingRateUpdates@odot.oregon.gov.

Q: Why is my approved Escalated Salary Rate (ESR) schedule not loaded with my approved ICR [and FCCM]?

A: The ESR schedule is not loaded with the approved ICR or FCCM as those change annually, while profit is variable per contract. The ESR schedule can also be used as a tool to forecast for long term projects.

Q: How are my billing rates applied to the contract?

A: Once billing rates have been approved, they become effective for work performed on all ODOT contracts - per the date listed on the Rate Acceptance Notification (also listed on the rate schedule). Accepted billing rates are applied to contracts in negotiations on the breakdown of cost (BOC). Instructions for the BOC can be found on our [website](#), under the Cost, Billing Rate & Compensation Related Forms dropdown. Refer to the contract terms for application through the contract duration.

Q: What happens if we have an accepted NBR and have developed an ICR?

A: Firms actively contracting with ODOT must provide that information once it becomes available. Review the [Consultant Billing Rate Standard](#) for a list of the documents we'll need for the review of your ICR, and the process for the review. And review the ODOT [NBR Graduation Guide](#) for the process of submitting your updated information and application of your updated rate to your active, existing contracts.

Q: A lower rate has been added to the BOC than was approved, is that ok?

A:

- A lower indirect cost rate may be accepted for use on a contract if submitted voluntarily by a consultant; however, the consultant's offer of a lower indirect cost rate shall not be a condition or qualification to be considered for the work or contract award, per [23 CFR 172.11\(b\)\(1\)\(iv\)](#). If a lower rate has been expressly offered it should be documented within the procurement and contract administration file.
- An average direct labor rate is expected to be used, as a base line for negotiations and estimations. If direct labor rates are significantly lower than the approved averages, we recommend validating the rates with the consultant as it may be an error. Actual rates may be applied for Key Persons. (Actual labor rates will be applied at time of reimbursement, up to the accepted maximums.)

- Use of a lower negotiated billing rate is allowed; however, it is recommended that the negotiated rate be documented within the record of negotiations as it may be assumed it is an error.

Q: Where can I find my sub-consultant's rates?

A: Ask your sub for them, ODOT cannot share rates with other consultants without expressed permission from the firm.

Q: What is ODOT's standard escalation rate?

A: The current standard escalation rate is 3.5% annually – based on the calendar year.

Q: Who reviews Indirect Cost Rates for Local Agency A&E contracts?

A: For those contracts referencing the requirement for ODOT approved rates, ODOT Billing Rate Oversight will coordinate the review. Email ODOTBillingRateUpdates@odot.oregon.gov if a consultant firm needs to establish or update their billing rates with ODOT.

Q: I'm a local agency – if a firm doesn't have rates established – will ODOT review rates for a new firm or should we utilize a different firm?

A: Please DO NOT limit your vendor pool to only those consultants ODOT has approved billing rates for. The goal is to assess reasonable costs, not to reduce competition. ODOT's Billing Rate Team and External Audits will perform a review for any firm that requests billing rates.

Q: Who reviews Indirect Cost Rates for ORS 190 Agreements?

A: When you are reviewing rates for an ORS 190 agreement, indirect cost rates can be found [https://ordot.sharepoint.com/sites/FinancialServices/SitePages/Local-Government-Indirect-Cost-Allocation-Plans-\(ICAP\).aspx](https://ordot.sharepoint.com/sites/FinancialServices/SitePages/Local-Government-Indirect-Cost-Allocation-Plans-(ICAP).aspx).

Q: What timeframe can I expect for completion of my review?

A: The time, length and duration of each audit will depend on factors such as review type, completeness of submittal forms and responsiveness of the firm often dictates how quickly a review is completed.

The typical review time can range from one week to a month. ODOT will attempt to complete the review within one month (30 calendar days) from the original request. If a firm becomes unresponsive at any time during this process, we will contact the firm by email or phone to discuss the delay. Failure to respond or provide required or requested information

will pause the timeline and may incur the penalty outlined within the Consultant Billing Rate Standard.

Please be aware that timelines for reviews vary depending on internal capacity and the time of year; rate reviews have a peak season from June – August, during which time most firms can anticipate elongated timelines.

Q: If I have questions or need resolution to a decision made about my billing rates, who do I contact?

A: For questions or comments regarding direct salary or negotiated billing rates, contact the ODOT Billing Rate Oversight Analyst at ODOTBillingRateUpdates@odot.oregon.gov.

For questions or comments relating to your ICR, contact the ODOT Audit Services Manager at ODOTExternalAudit@odot.oregon.gov, cc Margaret.a.Cole@odot.oregon.gov and ODOTBillingRateUpdates@odot.oregon.gov. If you still have questions or comments after speaking with the Audit Manager, contact ODOT External Audit Officer, Marlene Hartinger at Marlene.V.HARTINGER@odot.oregon.gov.

For either circumstance, detail the specific question or concern and provide supporting documentation, as applicable.

If you have any questions about the billing rate review process that are not covered, please let us know by sending an email to ODOTBillingRateUpdates@odot.oregon.gov.