



Florida Department of Transportation

JEB BUSH
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

JOSÉ ABREU
SECRETARY

October 28, 2004

Frank Rudd, CAE, CMP
Executive Vice President
Florida Institute of Consulting Engineers
125 S. Gadsden
P. O. Box 750
Tallahassee, Fl. 32302-0750

Dear Mr. Rudd:

FICE has requested the Department reconsider its position regarding the payment of premium overtime in consultant contracts (reference the letter from FICE dated 08/17/04). Our position, since last May, has been that reimbursement of premium overtime should occur through the direct expense percentage calculated in each firm's annual overhead audit. The direct expense percentage has been used as a multiplier in all contracts negotiated since October 1, 2003.

Since receiving your letter, we have had internal discussions on the subject and have initiated discussions with FICE representatives. The Department has modified its position to now allow payment of premium overtime as a negotiated direct cost separate from the direct expense percentage. This revised policy has been communicated to the district Professional Services Administrators and premium overtime can now be negotiated as a part of the method of compensation on new contracts or supplements for additional work on existing contracts. There will be no retroactive payment of premium overtime on existing contracts, nor will Professional Services amend contracts for the sole purpose of modifying compensation for premium overtime.

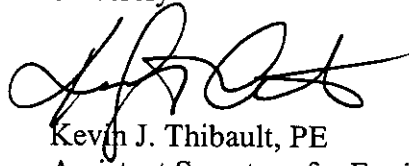
If a firm chooses to request direct reimbursement of premium overtime costs on new contracts, they must provide written certification from the independent CPA who performed the annual overhead audit stating that premium overtime costs were not included in either the direct expense costs used to calculate the direct expense percentage nor in the indirect costs used to determine the overhead percentage.

Once a firm determines the method of compensation they prefer, all future overhead audits must reflect premium overtime costs in a consistent manner. Firms will not be permitted to change their method of accounting for premium overtime costs from year to year.

We think this is a fair and equitable resolution to this issue and have already discussed it with several FICE representatives who are in agreement. We will be sending this information out to all our prequalified firms and you can communicate it to all your FICE members.

Let me know if you have any questions.

Sincerely

A handwritten signature in black ink, appearing to read 'Kevin J. Thibault', written in a cursive style.

Kevin J. Thibault, PE
Assistant Secretary for Engineering
and Operations