



October 15, 2012

TO: Keith Metcalf, Eastern Region
Dan Sarles, North Central Region
Lorena Eng, Northwest Region
Kevin Dayton, Olympic Region
Don Whitehouse, South Central Region
Donald Wagner, Southwest Region
Craig Stone, Toll Division Director
Linea Laird, AWV Program Administrator
Julie Meredith, SR 520 Program Director
Nancy Boyd, CRC Administrator
Brem Bremjit, WSF
Region Project Development Engineers
Statewide Agreement Writers

FROM: J. C. Lenzi, P.E., Chief Engineer *JCL*
Assistant Secretary of Engineering & Regional Operations
(360) 705-7032

SUBJECT: **Project Delivery Memo # 12-02 State's Indirect Cost Rate**

PURPOSE AND DIRECTION

The purpose of this memo is to reaffirm the requirement for the application of the **State's Indirect Cost Rate** to *all* qualifying reimbursable agreements entered into by WSDOT. This memo will also establish the process for approving any exceptions.

Background:

Reimbursable agreements are entered into when WSDOT is doing work for others and the entity is reimbursing WSDOT for the costs incurred. The entity is billed for all costs charged to the reimbursable agreement through a work order. The indirect cost rate is then applied, at the current rate, to all costs incurred during a billing period.

ACTIONS REQUIRED

Statewide Agreement Writers:

Ensure reimbursable agreements (standard and non-standard) are drafted and finalized to include a budgetary component for the billing of the current indirect cost rate unless a pre-approved exception applies as described below.

Development Division:

Exceptions in the application of the state's indirect cost rate are possible under certain circumstances. One example includes local participation in a planned WSDOT project where the state highway system benefits operationally.

Effective immediately, the Development Division is responsible to determine when an exception for the application of the indirect cost rate is appropriate. This determination will be made by the Development Director or his written designee.

Approval to any proposed exception must be pre-approved in writing from the Development Division Director or a designee prior to the execution of an agreement.

Please revise the Agreements Manual M 22-99 to reflect this change.

Accounting Services:

Amend WSDOT Accounting Manual M 13-82.02, Chapter 4, Section 4-10; by removing the "*Exceptions*" to the application of the Indirect Cost Rate to reimbursable agreements.

For additional information please contact Kyle McKeon, Technical Services & Business Manager, Development Division 360-705-7458 or mckeonk@wsdot.wa.gov.

JCL/KRM/bp

cc: Pasco Bakotich
Kyle McKeon
Kathleen Davis
Jay Alexander
Laura Sanborn
Chris Christopher
John Nisbet
Jugesh Kapur
Tom Baker
Megan White
Bob Covington
Scott Kibler
Steve McKerney
Brian Lagerberg
Ahmer Nizam