



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219-2000

Stephen C. Brich, P.E.
COMMISSIONER

TO: The Consultant Community

FROM: Dee Audet
Director, Professional Services Procurement Office
Virginia Department of Transportation

Dee
Audet

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by Dee Audet
Date: 2022.06.15
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SUBJECT: Escalation Rates for Professional Services Contracts, July 1, 2022 through June 30, 2023
and Special Adjustment to Escalation Rate for Professional Services Contracts, July 1, 2021
through June 30, 2022

In response to recent inflationary pressures, VDOT is raising the Professional Services Contract Escalation Rate and temporarily suspending the escalation rate range limitation as set forth in Section 4.7.7. of the *Manual for the Procurement and Management of Professional Services*.

The VDOT Professional Services Contract escalation rate for Fiscal Year (FY) 2023 will be 4.2% in accordance with the U.S. Bureau of Labor Statistics, *Employment Cost Index: Wages and Salaries: Private Industry Workers (Table 9)*(April 29, 2022).

Additionally, VDOT is implementing a special adjustment to the Professional Services Contract Escalation rate for Fiscal Year (FY) 2022 as established in the [Memorandum dated June 1, 2021](#). The escalation rate for FY 22 procurements in process will be revised from 1% to 3.5%. This memorandum does not apply to existing contracts unless, at term renewal, both parties agree to modify the contract to comply with this memorandum. To be eligible for such modification, firms shall submit revised rate schedules reflecting the adjusted escalation rates to their respective Contract Administrator. Upon receipt of written approval from the Contract Administrator, firms may bill at the new approved rate at the beginning of the next full billing cycle of the renewal term.

With the exception of the changes set forth herein, VDOT's policies relative to escalation rates, including but not limited to those involving renewals, shall remain in full force and effect.