



U.S. Department
of Transportation
**Federal Highway
Administration**

Memorandum

Washington, D.C. 20590

Subject Equipment Rental Rates

Date DEC 23 1986

From Director, Office of Highway Operations

**Reply to
Attn of** HHO-32

To: Regional Federal Highway Administrators
Regions 1-10

The Office of Inspector General (OIG) has reviewed and found that the adjustment rates table developed by Dataquest for use with the "Blue Book Rental Rate" if properly applied will eliminate the use of unallowable contingency factors and replacement cost escalation factors. States may adopt the Blue Book, U.S. Army Corps of Engineers (COE) manual, or other industry rate guides that have similarly been modified.

Attached are copies of the instruction sheets for use with the adjustment tables. These tables have been furnished to all holders of the current Blue Book by Dataquest. Additional copies of the adjustment rate tables may be obtained from Dataquest. The adjustment rate tables will be updated periodically when the applicable section of the Blue Book is updated.

The Blue Book as well as several other industry rate guides have developed premium rates for periods of equipment use less than the standard 176 hours per month. A majority of States do not allow the use of premium rates on equipment rentals. We concur in this practice and encourage all States to preclude use of a premium rate for contractor furnished equipment rentals. Thus, Federal-aid participation shall be limited to either the monthly rates set forth in the approved rental guides or to hourly rates obtained by dividing the monthly rate by 176.

It remains the State's responsibility to determine what are reasonable, fair and eligible equipment rental rates for contractor owned equipment. The delegated authority for approval of rental rates remains as stated in my October 30, 1986, memorandum.

David S. Gendell

Attachment