



ALABAMA DEPARTMENT OF TRANSPORTATION

Local Transportation Bureau

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Kay Ivey
Governor

John R. Cooper
Transportation Director

August 11, 2023

MEMORANDUM 2023-05

TO: 5311 Recipients

FROM: Bradley B. Lindsey, P.E.
State Local Transportation Engineer

SUBJECT: Cost Allocation Rate for 3rd Party Agreements

ALDOT has decided to waive the cost allocation rate as a minimum requirement for third part contracts that relate to human services. It is ALDOT's intent to let agencies negotiate their own contracts for the maximum benefit to agencies and the people they serve.

Historically, agencies were required to submit a cost allocation rate annually to determine how much an agency should be reimbursed for a given contract. Agencies will still be required to submit an annual cost allocation rate; however, agencies are no longer bound to that rate for human service contracts. If a contract is not approved as a human service contract by ALDOT then the cost allocation rate will apply.

If you have any further questions, please contact your regional manager for assistance.

Sincerely,

Bradley B. Lindsey, P.E.
State Local Transportation Engineer

BBL:BKF
CC: ALDOT Transit Section File