

Professional Technical (PT) Contract *Quick Look*

Safe Harbor Program

Background

In 2019, the Federal Highway Administration (FHWA) approved the use of the Safe Harbor Overhead Rate Program for the consultant overhead rate calculation with a cap of 110%. The purpose of this program is to allow time for engineering consulting firms to satisfy the requirements of Part 31 of the Federal Acquisition Regulation for Overhead Calculations.

MnDOT's Safe Harbor Program

Refer to the [Safe Harbor Overhead Certification Form](#) and the [MnDOT Safe Harbor Program Questionnaire](#) for a full outline of eligibility and enrollment requirements. Some highlights are provided below.

In 2022, MnDOT established a Safe Harbor Program for use with consultant contracts. Consulting firms that provide engineering and design-related services on fixed hourly rate contracts may be eligible to enroll in MnDOT's Safe Harbor Program. This program allows a consulting firm to use MnDOT's established Safe Harbor Overhead Rate of 110.00% of direct labor for the first two years that it is under contract to work with MnDOT.

To participate in the Safe Harbor Program, consultants must certify their intent and commitment to actively work with an accountant or bookkeeper to establish an accounting system, using QuickBooks or similar software.

Program participants must establish their accounting system within two years of enrollment in the Safe Harbor Program. If the consulting firm cannot establish an accounting system within two years, the consulting firm must contact MnDOT Consultant Services to request a time extension at least 90 days before the expiration of its participation in the program. MnDOT may grant an extension, not to exceed one additional calendar year.

Eligibility

To be eligible for the Safe Harbor Program, a consulting firm cannot have:

- an overhead cost rate accepted by a cognizant agency or State Department of Transportation, or
- contract cost history sufficient to use as a base for development of an overhead cost rate, or
- previous experience with federally funded contracts for which an overhead cost rate would have been developed in compliance with Federal Cost Principles and accepted for use by a cognizant agency.

A consulting firm is not eligible for the Safe Harbor Program if it has an audited or otherwise accepted overhead rate that was developed in accordance with the Federal Cost Principles.

Enrollment

To enroll in MnDOT's Safe Harbor Program, the following documentation must be submitted:

- [MnDOT Safe Harbor Program Questionnaire](#)
- Financial statements for the most recent financial year:
 - Balance Sheet
 - Income Statement
 - Profit & Loss Statement
 - Compiled Financial Statements (if applicable)
- [Safe Harbor Overhead Certification Form](#)
- Chart of Accounts
- Timesheets from the most recent completed month
- Payroll register and proof of payments from the most recent completed month
- A list of all contracts (prime or sub), including dollar values, you currently have with MnDOT

Submit all documentation for review and approval to MnDOT Consultant Services at:

ProfessionalTechnicalAudits.dot@state.mn.us

Questions

Safe Harbor Program questions can be directed to MnDOT Consultant Services at:

ProfessionalTechnicalAudits.dot@state.mn.us