



South Dakota Department of Transportation
Division of Operations

700 E. Broadway Avenue
Pierre, South Dakota 57501-0286

January 20, 2026

Mr. Craig Smith
Director of Operations
South Dakota Department of Transportation
700 E. Broadway Avenue
Pierre, SD 57501

Subject: Proposed price changes in the Price Schedule for Miscellaneous Items

Dear Mr. Smith:

It is requested that the subject item be reviewed for approval at the January 29, 2026 Transportation Commission Meeting. The proposed changes to Section 4.4 - Price Schedule for Miscellaneous Items are as follows:

1. Flagging – change from the current rate of \$36.03 / hour to \$43.36 / hour. This item was last updated in 2023 with a change in the Group GL-1 wage rates.
2. Pilot Car - change from the current rate of \$52.75 / hour to \$58.77 / hour. This item was last updated in 2023 with a change in the Group GL-1 wage rates.

These changes were made using an established formula for calculating the appropriate rate based on the minimum labor rate, overtime, overhead, equipment, and profit.

Feel free to contact me if you have any questions or need any additional information.

Sincerely,

Ryan K. Johnson
Senior Specification Engineer

**STATE OF SOUTH DAKOTA
DEPARTMENT OF TRANSPORTATION**

**SPECIAL PROVISION
FOR
PRICE SCHEDULE FOR MISCELLANEOUS ITEMS**

FEBRUARY 4, 2026

Delete the Flagging and Pilot Car rows from the table in Section 4.4 and replace them with the following:

Specification Section Number	Specification Section Name	Item Name	Price per Item
634.5	Temporary Traffic Control	Flagging	\$43.36/Hour
634.5	Temporary Traffic Control	Pilot Car	\$58.77/Hour

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January 2026 Wage Rate Calculations for Flaggers and Pilot Car

These numbers are based on the new minimum wage rates. These numbers change when the wage rates for Group GL-1 change. These items were last updated in 2023.

Flagger Calculation

GL1 Common Labor Wage Rate x Overtime Factor x Overhead Factor x Profit Factor = Flagger Rate

$$\$26.93 \times 1.17 \times 1.251 \times 1.10 = \$43.36 / \text{hour}$$

Pilot Car Calculation

((GL1 Common Labor Wage Rate x Overtime Factor x Overhead Factor) + Rate for 2025 ½ Ton PU 4x2 from Blue Book) x Profit Factor = Pilot Car Rate

$$((\$26.93 \times 1.17 \times 1.251) + \$14.01 / \text{hour}) \times 1.10 = \$58.77 / \text{hour}$$

Overtime Factor Calculation

The Overtime Factor is based on a 60-hour workweek, with all hours over 40 / week being paid at 1.5 times the normal rate.

Regular Wage Hours + (OT Rate x OT Hours) = Total Hours x OT Factor

$$40 \text{ hours} + (1.5 \times 20 \text{ hours}) = 60 \text{ hours} \times \text{OT Factor}$$

$$40 \text{ hours} + 30 \text{ hours} = 60 \text{ hours} \times \text{OT Factor}$$

$$70 \text{ hours} = 60 \text{ hours} \times \text{OT Factor}$$

$$\text{OT Factor} = 1.17$$

Overhead Factor

The Overhead Factor is the amount allowed by Section 9.4 D.2 of the specifications for insurance and tax and is equal to 25.1%.

Rate for 2025 ½ Ton Pickup 4x2

The rate for the vehicle is determined as per Section 9.4 D.4 of the specifications (Extra and Force Account Work). This section states monthly equipment cost shall be determined by the rates set forth by the EquipmentWatch Cost Recovery (formerly Rental Rate Blue Book) published by EquipmentWatch, a division of Penton Media Inc. The monthly rate is then divided by 176 hours to determine an hourly rate. This rate is also adjusted for regional factors, age, and operating expenses which are also determined by the EquipmentWatch Cost Recovery.

((Monthly Rate / 176) x Regional Factor x Age Factor) + Operating Cost per Hour = Rate

$$((\$580.00 / 176) \times 1.01 \times 1.00) + \$10.68 = \$14.01 / \text{hour}$$

Profit Factor

Profit, at a 10% rate is included in the calculations. Supported by Section 9.4 D.9 of the specifications.