

February 15th through the 17th, 2017

Consultant Selection

Independent Cost Estimating

Peer Exchange



Introductions and Purpose

Introductions from all

- Who you are, Agency your with, Title, Role in the Peer Exchange, anything else you wish to share

Logistics

- Venue layout, restrooms, coffee, water, lunch, etc.
- Presentations, note taking, recording etc.
- Post Exchange providing notes, reimbursements, evaluation, posts to website, etc.

Opening Remarks from David Nicol.....

February 15-17-2016

Who Called This Meeting, Anyway?



DeIDOT Procedures on Independent Estimates

- No Written Procedures
- Inconsistent Informal Procedures Among Offices and Divisions

Aside from the Regulation, Why Do This?

DeIDOT use of Consultants

- 50-60% of Roadway Projects (70% by Cost)
 - 30-40% of Bridge Projects (60% by Cost)
 - Nearly 100% of Construction Project Management
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- Approximately \$90M per year

Is It Worth It?

- Would you buy a car without having an idea of what it “should” cost?
- Would you buy a \$90 million car without knowing what it should cost?

Reasons for Independent Estimates

- Comply with Federal Regulations
- Improve Effectiveness in Use of Consultants

February 15-17, 2017

**Procurement, Management, and
Administration of Engineering and
Design Related Services**

23 CFR 172



23 CFR 172

Procurement, Management, and Administration of Engineering and Design Related Services

Governs the procurement, management, and administration of consultant contracts for professional services that are:

- Directly related to construction contract, AND
- Reimbursed with Federal-aid Highway Program (FAHP) funds

Updated Final Rule published in the Federal Register May 2015

- Became effective in June 2015
- Gave contracting agencies 12 months to update policies and procedures

Federal Regulations

23 CFR 172.5(c)

- The contracting agency shall prepare written policies that address ... preparing an independent agency estimate for use in negotiation with the selected consultant.

23 CFR 172.7(a)(1)(v)

- Prior to receipt or review of the consultant's cost proposal, the contracting agency shall prepare a detailed independent estimate with an appropriate breakdown of labor hours, classifications of labor, mother direct costs, and fixed fee.

No corresponding State regulation

PURPOSE

- To ensure that a qualified consultant is obtained through an equitable qualifications-based selection procurement process
- Requires that work is properly accomplished in a timely manner
- At fair and reasonable cost to the Federal Government, the contracting agency and the consultant

Why Are We Here Today?

§ 172.7(a)(1)(v)(B) *Independent estimate*

Prior to receipt or review of the most highly qualified consultant's cost proposal, the contracting agency **SHALL** prepare a detailed independent estimate with an appropriate breakdown of the work or labor hours, types or classifications of labor required, other direct costs, and consultant's fixed fee for the defined scope of work.

The independent estimate shall serve as the basis for negotiation.

Why Are We Here Today?

§ 172.7(a)(1)(v)(C)

The contracting agency **SHALL** establish elements of contract costs (e.g., indirect cost rates, direct salary or wage rates, fixed fee, and other direct costs) separately in accordance with § 172.11

The use of the independent estimate and determination of cost allowance in accordance with § 172.11 shall ensure contracts for the consultant services are obtained at a fair and reasonable cost, as specified in 40 U.S.C. 1104(a)

And that's a wrap!

Any Questions?