U.S. Department of Transportation
Federal Highway Administration

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RESOURCE CENTER

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Consultant Services

Independent Cost Estimating

Peer Exchange

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Who Are We?

Trinh Truong

- King County Department of Transportation, WA
- Project Manager, Road Services Division
- 20+ years project management experience; P.E.

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- City of Seattle Department of Transportation, WA
- Contracts and Procurement Manager, Finance and Administrative Division
- 10+ years contracting and project controls experience

Overview

What Are We Trying to Accomplish?

Project Planning

Contract Initiation and Solicitation Development

- Establish a formal intake process
- Develop detail scope of work (SOW)
- Develop independent cost estimate (ICE)
- Develop minimum requirements and evaluation criteria
- Request project approach chart (PAC)

Overview

Contract Advertisement

Submittal Evaluation and Consultant Selection

Contract Negotiation and Execution

Other

What Are We Trying to Accomplish?

Set Contracts Up for Success!

- Complying with Federal, State and local requirements
- Ensuring inclusive and competitive processes
- Ensuring complete and accurate SOWs, including duration of work
- Ensuring complete and accurate cost estimates

What Are We Trying to Accomplish?

Best Practices to Set Contracts Up for Success

- Assign staff resources
  - Project manager (PM), contract specialist (CS) and project controls engineer (PCE)
  - Staff to perform proposal evaluations and interviews
- Provide instructions, forms and templates on-line
- Use checklists
- Retain and make accessible contract documents and related documentation
- Get and provide feedback

Project Planning

Define Initial Scope, Schedule and Costs

- Define project from Transportation Plan
- Develop initial SOW, including anticipated major milestones
- Prepare high level cost estimate

Determine Funding Sources

- Determine applicable funding sources
- Ensure adequate funding

Project Planning

Determine Needed Resources

- Agency staff and consultants
- If utilizing consultants, ensure time to complete procurement process included in schedule

Attain Executive Management Approval

- Ensure project aligns with transportation plans and department goals and expectations

Contract Initiation and Solicitation Development
Establish a Formal Intake Process

A PM is assigned to manage project scope, schedule, and budget

The PM submits a Request for Services for an A&E contract to their PCE

The PCE reviews and submits the request to the procurement manager

Contract Initiation and Solicitation Development
Establish a Formal Intake Process

The procurement manager then assigns a CS to the request

The CS assigns a contract number, which begins the procurement process

The PM and CS develop a procurement plan, that includes:

- Roles and responsibilities
- Expectations, and
- Anticipated schedule

Contract Initiation and Solicitation Development
Develop Detail Scope of Work

The PM Develops a Detailed SOW

- The scope encompasses conceptual design through construction phase
- The scope is broken down by work breakdown structure – task and subtask categories; and includes assumptions and deliverables, used as basis for:
  - PM to develop ICE
  - Consultant to propose consultant team's estimated service hours / Level of Effort (LOE)

Contract Initiation and Solicitation Development
Develop Detail Scope of Work

The PM is Responsible for the Following

- Distribute the SOW to technical staff for review / comment:
  - To validate that all needed elements of work are included
  - To provide task category hours
- Review technical staff comments and incorporate them into the SOW
- Submit draft SOW to executive management for approval, to ensure scope is aligned with transportation plans and agency goals and expectations

Contract Initiation and Solicitation Development
Develop ICE

The CS Provides the LOE Template in Microsoft Excel Format to the PM to Develop the ICE

The PM is Responsible for the Following:

- Input project phases, tasks and subtasks on LOE template, in alignment with the approved SOW
- Develop a list of services and hours, broken down by:
  - Prime vs. sub-consultant(s)
  - Expertise classification
- Distribute the LOE hours, along with the approved SOW, to technical staff to validate that each task category reflects sufficient hours

Contract Initiation and Solicitation Development

Develop ICE

The PM is Responsible for the Following:

- Acquire average salary rate for each expertise classification and overhead rate from the CS
  - These average rate are generated from executed A&E consultant contracts in the last 5 years
- Apply the average salary rate for each classification and the overhead rate to the LOE hours
- Apply fixed fee and add other direct costs, if applicable
- Submit the ICE to executive management for approval
- Submit the approved ICE and SOW to the CS to include in the Request for Proposal (RFP) as the SOW, project cost range and schedule

Contract Initiation and Solicitation Development

Develop ICE

For fixed Fee Contracts, the PM Applies a Fixed Fee Percentage to Prime and Sub-Consultant(s)

- Generally, primes are allocated a higher fixed fee than sub-consultant(s)
- Factors used to determine fixed fee (17%-35% of direct cost)
  - Degree of risk
  - Relative difficulty
  - Size of job
  - Period of performance
  - Consultant investment
  - Assistance by Agency
  - Number of sub-consultants

Contract Initiation and Solicitation Development

Develop ICE

Other Direct Costs

- In general, other direct costs are excluded from the ICE, unless specifically known (e.g. soils testing, lodging, airfare)
- Other direct costs that are included, are categorized as follows:
  - Invoice – agency to pay based on actual costs
  - Lump sum – agency to pay based on fixed monthly amount derived from total lump sum divided by contract duration

Contract Initiation and Solicitation Development
Develop Minimum Requirements and Evaluation Criteria

The PM and CS Develop Minimum Requirements, Such as Years of Experience, Expertise, and Classification of Staff, and Submit to Executive Management for Review

The PCE Coordinates with the Following Entities:

- Business Development and Contract Compliance for setting contract Disadvantaged Business Enterprise (DBE) goal
- Risk Management to assess contract insurance requirements

The PM develops and submits evaluation criteria and associated points for each to the CS, to include in the RFP

Contract Initiation and Solicitation Development

Request Project Approach Chart (PAC)

The PAC template is an outline of task and subtask categories

The PAC template is included in the RFP

Proposer are required to fill-out the PAC template with key personnel and estimated hours, for the task and subtask categories provided

The PAC is evaluated and scored to determine the proposers understanding of project scope; project needed expertise, classification of staff and their commitment; and appropriate use of sub-consultant(s)

Contract Advertisement

The PM Forms a Proposal Review Panel

The CS and PM Hold Pre-proposal Meeting(s) and Site visit(s), to Provide Consultants with:

- Opportunities to ask questions
- Gain better knowledge of project scope
- Better understanding of potential work site constraints / opportunities

Proposers are Directed to Submit Questions to the CS, who will Coordinate Responses with the PM

The CS Issues Addenda to Respond to Questions and Provide Clarity, if Needed

Proposal Evaluation and Consultant Selection

The CS Facilitates the Following:

- Ensure proposals meet minimum requirements establish in the RFP
- If receive less than 3 proposals, analyze and document competitiveness of environment (e.g. review policies and procedures, perform phone interviews with consultants that you would have anticipated to apply, but did not)
- Hold evaluation kick-off meeting
- Hold an evaluation scoring and ranking meeting
- Develop interview questions and hold interviews

The CS and PM Prepare a Summary - Documenting Evaluation, Scoring and Outcomes of Proposals and Interview Processes

Contract Negotiation and Execution

The PM and selected consultant refine and finalize the SOW, refine skill / skill levels required, and determine availability

The CS Performs a Cost / Price Analysis and Provides Output to the PM for the LOE

Based on finalized SOW, the PM refines the ICE

The PM and Consultant negotiate hours; and the PM adjusts costs, based on agreed upon hours

The PM documents negotiations, reflecting changes between ICE and 1st round negotiations and changes in subsequent negotiation rounds

What Do Local Agencies Do When Receive Funds From Multiple Federal Agencies?

A local agency can request funds to be transferred from one federal agency to another

Federal agencies have governing authority to transfer funds

A Federal agency will make the request on the local agency's behalf to the other federal agency(s):

- If federal agencies work closely (e.g. FHWA and FTA), the local agency will submit its request to the receiving federal agency
- If federal agencies do not work closely (FTA and FRA), the local agency will submit its request to the federal granting agency

What Do Local Agencies Do When Receive Funds From Multiple Federal Agencies?

Usually, the local agency will be held to the federal receiving agency's requirements, following the transfer of funds

The federal granting agency may request specific requirements follow the funds – In this case, the federal granting agency, federal receiving agency and the local agency will negotiate how to accomplish if there are conflicts

Questions

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