



Selected Shorts Video Series

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A&E Consultant Contracts:

Independent Cost Estimate (ICE)
and
Cost Analysis
Video 10 – ICE vs Cost Proposal
(Part 2 Cost Analysis)

*Provide a safe,
sustainable,
integrated and
efficient
transportation
system to
enhance
California's
economy and
livability.*

Caltrans

Division of Local Assistance



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ICE/ Cost Analysis – ICE vs Cost Proposal (Video 10)

Script:

Let us recap everything we have done so far. We completed our independent cost estimate or ICE in part 1 using the Salary Range, LPA Estimate of Hours and Other Direct Costs worksheets.

We then moved on to Part 2 Cost Analysis workbook. On this workbook, we began with the Other Direct Cost worksheet where we entered the consultant's non-labor costs. On this video, we will enter the consultant's labor costs using the ICE vs Cost proposal worksheet.

A simple tip to remember on the difference between Part 1 and Part 2. For Part 1, the "main character" is the local agency. Part 1 focuses on the local agency's development of an Independent Cost Estimate. In Part 2, the "main character" is the Consultant. Part 2 focuses on the consultant cost proposal.

One more clarification. In this video, you will hear the term direct costs and labor costs used interchangeably. Just to re-iterate, direct costs are costs associated with labor.

Click the ICE vs. Cost Proposal tab to open the worksheet.

The ICE vs cost proposal worksheet has three tables. Local agency, Consultant Cost Proposal, and Final Negotiation. The local agency's labor costs are imported from Part 1-ICE. Consultant Cost Proposal items are manually entered. The final negotiation table will be used to record the negotiated hours and rates.

To import the Local Agency's labor costs. Click the button "Click to Import DIRECT COSTS".

A Message "enter percent acceptable" will appear. Percent acceptable is the deviation local agency will allow between their estimated labor rates and the consultant proposal rates. Enter percentage and click, "OK".

Labor costs are imported from Part 1- ICE. A separate table for Consultant Cost Proposal will be generated where the labor hours and rate from the consultant cost proposal will be entered. This will provide a 1 to 1 comparison between the local agency's estimate and consultant cost proposal for labor costs.

A table labeled acceptable range is generated. The range is based on local agency's labor rates entered in Part 1 -ICE, Salary Range worksheet and acceptable percentage.

Enter the items from the consultant cost proposal in the consultant cost proposal table.



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Once the consultant's proposed labor rates are entered, the worksheet compares the consultant rate with the local agency's acceptable range along with a comment on whether the proposed rate is acceptable or subject to negotiation.

Enter consultant's indirect cost rate, fixed fee rate and escalation rate to calculate the total project cost. This completes the consultant cost proposal table.

Let us summarize what we have accomplished in Part 2. Remember, Part 2 is all about the consultant cost proposal. First, we entered the non-labor items in the Other Direct Costs worksheet. Then, we entered the labor cost in the ICE vs Cost Proposal worksheet.

The tables for direct costs and other direct costs for both the local agency and consultant are now complete. The local agency is ready to perform a cost analysis to determine if the proposed consultant costs are fair and reasonable.

If the agency determines the cost proposal is fair and reasonable, the local agency is ready to negotiate. Please proceed to the final negotiation video for additional information.

Synopsis:

Illustrates how to enter consultant cost proposal labor costs items. Shows additional guidance on how to evaluate for fairness and reasonableness.

References:

Caltrans Division of Local Assistance Main Website

<https://dot.ca.gov/programs/local-assistance>

Visit the A&E Resources website to find the latest tools, resources and guidance for A&E consultant contracts.

[Consultant Selection and Procurement | Caltrans](#)

23 CFR, Part 172 Administration of Engineering and Design Related Service Contracts
(23 CFR 172.7(a)(1)(v))

<https://www.ecfr.gov/cgi-bin/text-idx?rgn=div5&node=23:1.0.1.2.3>



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HQ A&E Oversight Engineers

Districts

The.pham@dot.ca.gov

The' Pham (916) 651-8903

Acting Program Manager

Districts

john.Z.yang@dot.ca.gov

John Z. Yang - (916) 651-6552

Districts

carol.green@dot.ca.gov

Carol Green - (916) 651-8909

Districts

Trina.Luo@dot.ca.gov

Trina Luo – (916) 653-4342

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