



Selected Shorts Video Series

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A&E Consultant Contracts:

Independent Cost Estimate (ICE)
and
Cost Analysis
Video 11 – Final Negotiation
(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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A&E Consultant Contracts:

ICE/ Cost Analysis – Final Negotiation (Video 11)

Script:

Before we proceed to final negotiation, a short recap on the cost analysis process. The local agency's labor cost and other direct costs were imported from Part 1- ICE workbook to Part 2 cost analysis workbook. Consultant cost items were entered manually in the corresponding tables in the cost analysis workbook. The local agency compares the consultant cost proposal with the local agency's independent cost estimate to determine if the consultant cost proposal is fair and reasonable. When the local agency concludes that the proposal meets the regulatory requirements for fairness and reasonableness, the local agency and consultant enters into final negotiation stage.

Upon reaching an agreement, terms are recorded the final negotiation table. Non-labor costs such as mileage, travel, printing, etc. are recorded in the Final Negotiation table in the other direct cost worksheet.

Recorded the final negotiated terms for labor costs are direct costs in the ICE vs Cost proposal worksheet

Enter negotiated fixed fee rate, escalation rate and indirect cost rates in the appropriate field.

Please note, consulting firm's indirect cost rates cannot be negotiated. These rates are submitted for approval of compliance with the Federal Acquisition Regulation cost principles to determine allowable costs on consultant services contracts when Federal funds are used.

Accepted indirect cost rate cannot be negotiated or arbitrarily capped. ICR are used for purposes of contract estimation, negotiation, and administration.

This slide shows an example of a complete final negotiation table showing totals for direct costs, other direct cost and project cost as well as the required cost elements - ICR and fixed fee rate.

Additional worksheets are included for your use to document the negotiation process. Feel free to modify the sheets as you see fit.

This concludes this presentation on the cost analysis and final negotiation. Additional tools, training and resources on A&E contracts are available at the local assistance website.

We hope you find this training series on independent cost estimate and cost analysis helpful. Thank you for watching.



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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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Local Assistance Consultant Selection and Procurement Webpage

<http://www.dot.ca.gov/hq/LocalPrograms/AE/index.htm>

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