



Texas General Land Office

Community Development and Revitalization

“The GLO stands ready to help our state maximize the use of this disaster recovery funding to build back stronger and more resilient communities.”

~ Commissioner George P. Bush

Procurement Session (6/15/2020)



Agenda

- Price vs. Cost Analysis
- Independent Cost Estimate

Presenter

Robby Bizot



What is Price vs Cost Analysis?



- **Independent Cost Estimate (ICE)** is required for each procurement action above a micro purchase and is prepared before solicitation (or modification/change order).
- **Cost or Price Analysis** is required once responses are submitted when procuring goods or services with federal funds in excess of the Simplified Acquisition Threshold (\$50,000) (same as Small Purchase Threshold).
- **Price Analysis** – Price analysis is essentially price comparison. It is the evaluation of a proposed price (i.e., total sum) without analyzing any of the separate cost elements.
- **Cost Analysis** – Cost analysis is the evaluation of the separate elements (e.g., labor, materials, etc.) that make up a contractor's total cost proposal or price to determine if they are allowable, directly related to the requirements and ultimately, reasonable.

What is Price vs Cost Analysis?



The following are special circumstances involving contracts and Cost Analysis requirements:

Cost Reimbursement Contracts – A Cost Analysis using cost principles must be performed on a Cost Reimbursement Contract.

Architecture and Engineering Contracts - Cost Analysis is required in determining if the cost portion of an A/E contract is fair and reasonable.

Independent Cost Estimate



In developing the Independent Cost Estimate, grantees may use:

- Price last paid for similar procurement
- Catalog price, or other advertised offers
- Comparison of previous bid prices for similar services
- Personal experience
- Other historical information
- Detailed analyses
- Ask other communities for information regarding similar bid outcomes
- May be developed in-house or using outside parties (or both).

Independent Cost Estimate (Scope of Work)



The GLO has created a broad scope of work(s) that can be used for procuring Grant Administrators and Engineers. These can be used to identify the necessary functions that a Subrecipient will intend to procure vs. self-administer.

SUBRECIPIENT PROCUREMENT OR GRANT ADMINISTRATOR AND ENGINEER

GLO-CDR allows a subrecipient to use a single vendor to both assist in the preparation of an application and to perform work under the grant. The vendor procurement should clearly identify preparation of an application and grant administration services within the solicitation document. The solicitation must take place prior to the initiation of the application process and comply with 2 CFR 200.318 – 200.326.

SCOPES OF WORK

Subrecipients must utilize Scopes of Work provided by GLO-CDR in their contracts for grant administrators, engineers and environmental service providers.

- [🔗 **Grant Administration Scope of Work** 📄](#)
- [🔗 **Engineering Scope of Work** 📄](#)
- [🔗 **Administration, Project Delivery and Engineering Fee Caps** 📄](#)

Independent Cost Estimate (Scope of Work)



Here is an example of the “Financial Duties” section of the scope of work for Grant Administrators. In this example, the Subrecipient uses this document and realizes that only the “RED” boxes will be needed in the competitive procurement (RFP).

vii. Financial duties:

- a. Prepare and submit all required reports (Section 3, Financial Interest, etc.).
- b. Assist subrecipient with the procurement of audit services.
- c. Assist subrecipient in establishing and maintaining a bank account for disaster recovery funds.
- d. Implementation and coordination of Affirmatively Furthering Fair Housing (“AFFH”) requirements as directed by HUD and the GLO.
- e. Implementation and coordination of Section 504 requirements.
- f. Program compliance.

- g. Ensure that fraud prevention and abuse practices are in place and being implemented.
- h. Prepare and submit all closeout documents.
- i. Submit all invoices no later than 60 days after the expiration of the contract. All outstanding funds may be swept after 60 days. The provider may request an extension of this requirement in writing.
- j. Assist in preparation of contract revisions and supporting documents including but not limited to:
 - Amendments/modifications,
 - Change orders.

Independent Cost Estimate (Scope of Work)



GA Services Independent Cost Estimate

Basis for analysis

The City has reached out to surrounding cities to inquire as to grant administration rates received based on similar scope. Three labor rates, inclusive of all fringe benefits, were used based what was received. One rate was for a Subject Matter Expert (SME) at \$60 per hour, a Senior Project Manager (SPM) at \$120 per hour, and Administrative Assistant (AA) at \$25 per hour. All overhead costs will be estimated using (GSA rates per day). It is anticipated that a fair profit margin for the complexity of this work will be 8.5%, but will be negotiated after scoring and selection. The below proposed frequency was developed by methodically analyzing the necessary steps to reach each milestone.

Assumptions

The assumption for costs envisions:

- A proposer would not require out of state travel costs;
- A proposer to have the ability to have an office located within the State of Texas;
- A proposer not requiring to sub work to sub-contractors.
- The inherent risk associated with this project is low considering:
 - Performance Risk
 - Contract Type Risk

UNIT: Cost to process Request for Payments for contractor payments, and required reporting	Frequency	# of Hours SME	Total SME Hours	# Hours SPM	Total SPM Hours	# of Hours AA	Total AA Hours	Overall Total Hours	SME RATE	SPM Rate	AA Rate	Total costs
Direct Labor												
Draft and submit request for payment per CDBG regulations (per invoice)	24	1	24	0.5	12			36	\$60	\$ 120	\$ 25	\$ 2,880.00
Review payrolls for compliance with Davis Bacon, Section 3, Section 504	24	5	120	0.5	12			132	\$60	\$ 120	\$ 25	\$ 8,640.00
Implementation and coordination of AFFH	3	1	3	0.5	1.5			4.5	\$60	\$ 120	\$ 25	\$ 360.00
Create and submit required reports to GLO	54	0.5	27	0.25	13.5			40.5	\$60	\$ 120	\$ 25	\$ 3,240.00
Respond to GLO in regards to project questions	48	0.5	24	0.25	12			36	\$60	\$ 120	\$ 25	\$ 2,880.00
Assist in preparation of contract revisions (Amendments, Changes order, etc.)	2	4	8	2	4			12	\$60	\$ 120	\$ 25	\$ 960.00
Review project files to ensure compliance with CDBG regulations	3	16	48	8	24			72	\$60	\$ 120	\$ 25	\$ 5,760.00
Attend and prepare for monitoring visits	6	4	24	2	12			36	\$60	\$ 120	\$ 25	\$ 2,880.00
General Administrative Costs												
Assist in tasks related to direct labor functions	24					3	72	72	\$60	\$ 120	\$ 25	\$ 1,800.00
Overhead Costs												
Travel Related to the above (Hotels \$250, Rental Car \$35, Per Diem) Total \$325.00	24											\$ 7,800.00
Total Costs												\$37,200.00
Profit (8.5%)												\$ 3,162.00
Total		32	278	14	91	3	72	369	480	960	200	\$40,362.00

Resources



Federal:

FEMA Pricing Guide For Recipients and Subrecipients Under the Uniform Rules (2 CFR Part 200):

https://www.fema.gov/media-library-data/1466006124785-1d7e3cd92e51e4863f307633e5f077fa/2016-06-101310_clean_FEMAPricingGuideforRecipientsandSubrecipients.pdf

HUD Buying Right CDBG-DR and Procurement: A Guide to Recovery

<https://www.hudexchange.info/resource/5614/buying-right-cdbg-dr-and-procurement-a-guide-to-recovery/>

HUD Resources Price vs Cost

https://www.hud.gov/program_offices/cpo/grantees/cstprice

GLO:

Procurement Website:

<https://recovery.texas.gov/local-government/resources/procurement-contracting/index.html>

GLO-Implementation Manual- Chapter 5-Procurement

<https://recovery.texas.gov/files/hud-requirements-reports/implementation-manual/ch.-5---procurement.pdf>