



City of New Orleans
Cost Reasonableness
Analysis

Date Prepared:	Monday, November 14, 2016
Prepared By:	
PW # / Project ID:	FEMAPW / Quickbase Project ID
Project Title:	Project Title
Scope of Work Performed:	
Vendor Name:	
Cost Analyzed:	The Amount of \$\$ and Change Order/Amendment number
Attachments/Comments:	Attach RSMMeans report, rate sheets, internet sources, and historical contract data, bid tabulations, MS Excel spreadsheet etc. containing data from which cost comparisons were obtained.

Issues:

Explain why the above Change Order/Amendment/Additional Services are needed for the completion of the project.

Project History:

Describe the sequence of events warranting the needed change in the project.

Contractor’s Proposal: A request for proposal was issue to the contractor on (DATE). The contractor’s original proposal was sent on (DATE) in the amount of \$(Tot Amount). Following negotiations with the City, the contractor submitted a revised cost proposal in the amount of \$(Tot Amount) on (DATE).

Independent Cost Estimate (ICE): The original ICE was in the amount of \$(Tot Amount) and signed on (DATE). The original ICE was determined based upon an analysis of the following factors: INSERT FACTORS. Upon learning of errors and omissions relating to (E & O Details - Describe with an additional sentence if necessary) in the original ICE, the ICE was revised accordingly to reflect (Briefly describe needed ICE cost adjustments where applicable). The revised ICE for the project is \$ (Tot Amount).

Cost Analysis:

Describe the costs analyzed, and the method and source of the comparisons made in order to prove reasonableness. Example of such information, includes but is not limited to RS Means, state-provided fee curves, , market prices, comparisons of cost quotation submissions, comparison of historical data or other similar indicia, or consultation of any other relevant nationally-recognized cost estimating databases.

Profit Analysis:

Sponsor must determine whether Contractor’s proposal is limited to a fair and reasonable profit. To determine whether the Contractor’s proposed profit is fair and reasonable,, consideration will be given to the complexity of



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the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. Public works projects sponsors shall utilize the Capital Improvement Plan Profit Calculator when determining fair and reasonable profit. Such calculations shall be provided as an attachment to this form.

Findings:

Quantify and summarize the findings of your cost comparisons for the proposal and profit.

The total proposed price is (##)% (higher/lower) than the original ICE. The total proposed profit is (##)% (higher/lower) than the original ICE.

COST ELEMENT	RATES	ICE	PROPOSAL	DELTA	DELTA % OF ICE	ACCEPTABLE COST

Negotiations: (*Must negotiate profit according to 44 CFR 13.36)

Describe all discussions held with the contractor (who, what, when, where, and why) and the outcome of any negotiations (what cost elements were reduced or increased in the contractor's or City's proposal). Negotiations must be solely based upon the Contractor's proposal, not the City's ICE. The City's ICE is confidential information and shall not to be shared.

Proposal: The original contractor proposal in the amount of \$(Amount) was (increased/reduced) by \$(Amount) to a revised total cost of \$(Amount).

Profit Negotiations: *Sponsor must negotiate profit as a separate element of the price for each contract in which there is no price competition and in ALL cases where cost analysis is performed. The original contractor proposal profit percentage of (Amount)% was (increased/reduced) by (Amount)% resulting in a revised total cost of \$(Amount).*

Recommendation:

State reasons for recommendation for approval or denial based on the findings of your cost comparisons.

The contractor was advised that conclusion of negotiations does not constitute a Notice to Proceed and the City would incur no obligation, nor should the contractor proceed with the work prior to receipt of the contract. I recommend that the contractor's revised proposal in the amount of \$(Tot Amount) is fair and reasonable based upon the independent cost estimate and cost analysis conducted and detailed above.



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Comments:

X

Print Name:
DPW Project Manager

X

Reviewed By: Lauren L. Prieur, P.E.
DPW Program Manager

X

Approved By: Mark Jernigan, P.E., PMP, LTC
Department of Public Works Director