

February 16, 2017

# Consultant Services Independent Cost Estimating Peer Exchange Meeting

Washington State Department of Transportation  
Procedures and Assessment

Presenters: Meg Blau, NW Region Area Consultant Liaison Engineer  
Sheril MacKenzie, NW Region Program Manager

## Who We Are

### Meg Blau

- 22+ years Consultant Liaison services
- Provides expertise to WSDOT offices statewide
- Works with contracts from inception to closure

### Sheril MacKenzie

- 10+ years combined Consultant Liaison / Program Management services
- Major program expertise
- Expertise in funding, scoping and negotiating major programs

## Agency Goals for Consultant Services

- Comply with Federal Requirements
- Transparent, Equitable, and Competitive Selection Processes
- Comprehensive scopes with Consultant participation
- Negotiated detailed and equitable cost estimates
- Successful project completion

## Beginning the Process

- WSDOT and Local Agencies propose projects to State Legislature
- Legislature develops general budget for projects
- Budget passed and projects assigned to WSDOT regions

## Project Office Involvement

- Project office assesses project and assigns staffing
- Staff includes at least the Project Manager for the project
- Project office determines if consultants needed

## Decision to Use Consultants

- Project office develops draft scope of work
- Draft scope covers main elements of work in outline form
- Project office seeks internal staffing commitments
- Determine internal project and/or specialty staff availability
- Level of consultant services determined
  - Partial staffing for specialty items
  - Full staffing for entire project

## Develop State Project Understanding

- Project delivery selection process to determine construction method
- A more detailed scope for initial project work developed
- Scoping usually includes internal specialists review of elements
- Scoping also includes review by executives overseeing project

## Develop General Project Budget

- Project office develops initial understanding of budget
- Initial budget is based on two elements:
  - The amount of funding authorized by legislature
    - Legislature allocates funding between three elements:
      - Design through PS&E
      - Right of way needs
      - Construction
    - The expectation that consultant services will cost more than state services

## Digression: Types of Contracts for A&E Services

- Cost Plus Fixed Fee
- Negotiated Hourly Rate
- Negotiated Hourly Rate Task Order
- Lump Sum

## Consultant Selection Process

- Consultant services are assigned to project elements
- Consultant Selections (two types)

## Develop Draft Final Scope, Schedule, Budget

- Consultant / State develop draft final scope of work
- Consultant develops blank cost estimating spreadsheet
- Consultant provides spreadsheet to Project Office

## Independent Hours and Cost Estimating

- Consultant and State independently estimate hours for draft final scope
- Consultant and State estimate fee percent for project

## Negotiations Planned

- Negotiations are scheduled and consultant and state staff invited
- Time and location are determined
- Draft negotiations schedule may be developed
- Consultant spreadsheet may be used to track negotiated hours
- Negotiations are usually completed within one day

## Elements and Process of Negotiation, Part 1

- Discussion starts with hours estimated by State and Consultant
- Hours discussion will include scope elements and agreed changes
- Discussion includes levels of staffing for elements
- Costs for direct expenses are discussed

## Elements and Process of Negotiation, Part 2

- Overhead is discussed
- Fee (profit) negotiations are completed

## Contract Assembly

- Discussions of scope, schedule and costs are complete
- Consultant provides final workbook with hours and costs
- Consultant provides final scope proposed with schedule
- State reviews final scope, schedule and consultant proposed budget
- State accepts final scope, schedule and cost proposal
- Agreement / Contract is assembled

## Additional Information

Note: Currently the State is managing approximately 1,300 agreements, normal is about 3,000, and highest is at 5,000+ agreements at one time

Additional information and examples of independent cost estimate spreadsheets are posted on the following website:

<http://www.wsdot.wa.gov/business/consulting/Procedures-Assessment>

- Advertisement selection process timeline / Second Tier process timeline
- Estimates, proposed and final, including fee proposals for project
- Fee calculation workbook and instructions
- Earned Value computations example and instructions
- Blended rates example
- WSDOT Consultant Services Manual --  
<http://www.wsdot.wa.gov/Publications/Manuals/M27-50.htm>
- Consultant Services website -- <http://www.wsdot.wa.gov/business/consulting/>
- Slides with Notes (Word document in PDF format)

## Contact Information

For additional information, please contact

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