

Cost and Price Analysis

(It Isn't That Hard!)

Agenda

- ▶ **Requirements for cost or price analysis**
- ▶ **Purpose of the evaluations**
- ▶ **Independent Cost Estimates (ICE)**
- ▶ **Price analysis**
- ▶ **Cost analysis**

Where Does This Come From?

- ▶ **2 CFR Part 200 – the “super circular”**
 - ▶ Section 200.324 (a)
 - ▶ “The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.”

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Where Does This Come From?

- ▶ **FTA Circular 4220.1F**

- ▶ Chapter VI, paragraph 6

- ▶ “COST ANALYSIS AND PRICE ANALYSIS. The Common Grant Rules requires the recipient to **perform a cost analysis or price analysis** in connection with every procurement action, including contract modifications. The method and degree of analysis depends on the facts and circumstances surrounding each procurement, but as a starting point, the recipient must make independent estimates before receiving bids or proposals.”

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Where Does This Come From?

- ▶ **Which rule do we follow?**

- ▶ “Please note that FTA Circular 4220.1F has not been updated to incorporate the provisions of the Uniform Administrative Requirements, 2 CFR Part 200. Until that update is issued, when there is a conflict between guidance contained in Circular 4220.1F and the Uniform Administrative Requirements, the Uniform Administrative Requirements supersede FTA C. 4220.1F.”

- ▶ *FTA Contractors Manual Fiscal Year 2022, Chapter 9*

- ▶ **But... \$250,000 is a lot of money!**

Why Do We Want To Do This?

- ▶ **If we don't have an ICE, how do we know we got a fair and reasonable price?**
 - ▶ Good stewards of public funds
 - ▶ Equate it to real life
 - ▶ Buying a car?
 - ▶ Buying a loaf of bread?
 - ▶ Both acknowledge the “method and degree of analysis is dependent” on circumstances

Independent Cost Estimates (ICE)

- ▶ What should it cost?
- ▶ Figure it out “before receiving bids or proposals”
- ▶ The tools are the same ones we will use for our price or cost evaluation later

Independent Cost Estimates (ICE)

- ▶ **What should we look for in estimating or evaluating price?**
 - ▶ Single number
 - ▶ Use this method whenever you can!

Independent Cost Estimates (ICE)

- ▶ Catalog pricing
- ▶ We can check Apple, Verizon, AT&T, etc.
- ▶ On-line pricing – the modern ‘catalog’

iPhone 13

Your new superpower.

A lightning-fast chip. A leap in battery life. And all-new photo and video capabilities. iPhone 13 lets you do things you never could before — in two great sizes.

From \$29.12/mo. for 24 mo. or \$699 before trade-in*

Buy



Independent Cost Estimates (ICE)

- ▶ **Market pricing**
 - ▶ When pricing isn't generally advertised
 - ▶ Survey multiple sources to determine what the 'market' demands

Appetizers	
1 Zakouski a la Russe (For Two)	1 dozen
2 Oysters Mornay	1/2 dozen
3 Oysters Mornay	1/2 dozen
4 Escargots a la Bourguignonne	1 dozen
5 Escargots a la Bourguignonne	1/2 dozen
6 Caviar with Eggs	1/2 dozen
7 Blinis Caviar	1 dozen
8 Blinis Salmon	1/2 dozen
9 Smoked Salmon	
10 Smoked Ham	
11 Stuffed Mushroom	
12 Chicken	

Independent Cost Estimates (ICE)

- ▶ **Experience – historical pricing**
 - ▶ Yours or another agency's is fine
 - ▶ But... temper your expectations by looking at what may have changed the fair and reasonable price

Independent Cost Estimates (ICE)

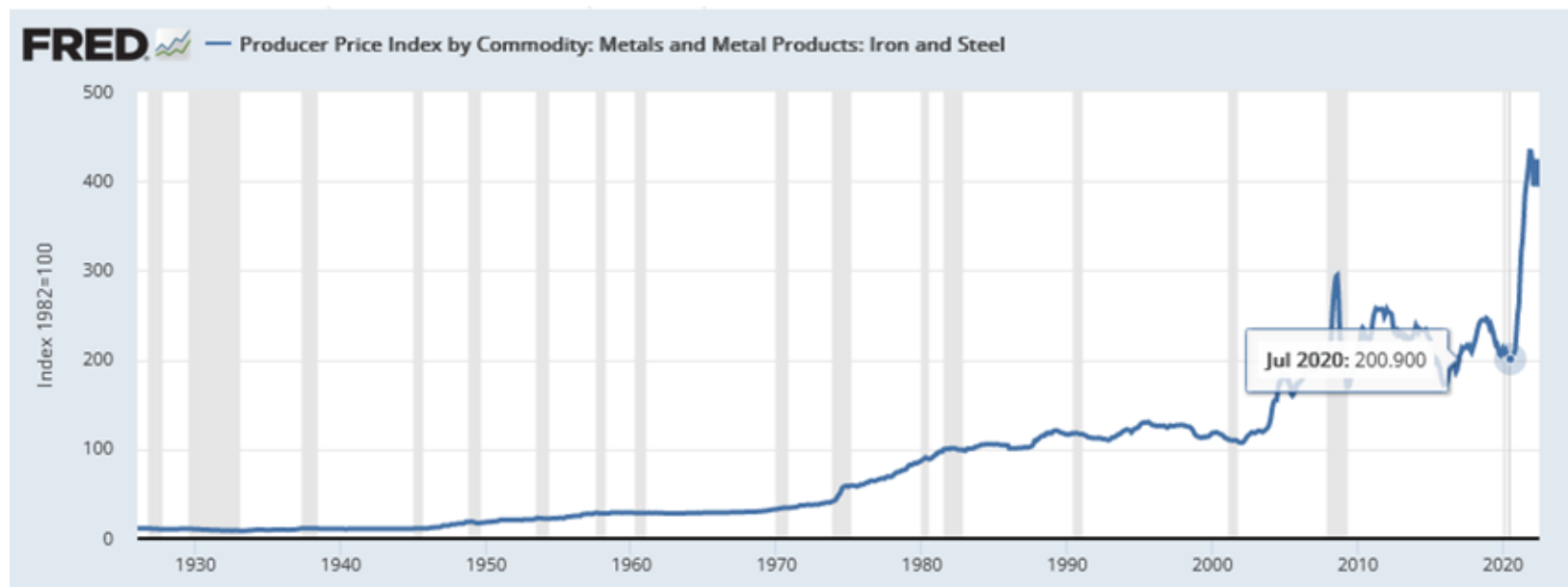
- ▶ What might alter pricing?
- ▶ Time



There's a major price cut coming to a highly sought-after iPhone, folks. After Apple unveiled the iPhone 13 lineup at its fall keynote on Tuesday, Sept. 14, there's a lot more to look forward to that doesn't include new devices. If you haven't upgraded your phone in a while, you'll want to know about this iPhone 12 price drop after the 13 announcement, because it's pretty major.

Independent Cost Estimates (ICE)

- ▶ What might alter pricing?
- ▶ Time
- ▶ Economic circumstances



Independent Cost Estimates (ICE)

- ▶ What might alter pricing?
- ▶ Time
- ▶ Economic circumstances
- ▶ Volume



Independent Cost Estimates (ICE)

- ▶ What might alter pricing?
- ▶ Time
- ▶ Economic circumstances
- ▶ Volume
- ▶ Grade



Independent Cost Estimates (ICE)

- ▶ What might alter pricing?
- ▶ Time
- ▶ Economic circumstances
- ▶ Volume
- ▶ Grade
- ▶ Delivery

Priority Mail Express

Next-Day to 2-Day Guarantee by 6 PM¹

Our fastest domestic mail service, Priority Mail Express[®] delivers 7 days a week, 365 days a year (except on holidays). Next-day delivery is available to most U.S. addresses, including PO Boxes[™] with a money-back guarantee. For international destinations, you don't need to weigh shipments. Purchase Priority Mail Express postage and shipping labels at a Post Office[™] location or online. Prices start at \$26.95.

\$26.95

[Ship Online](#)

[Learn More](#)



Priority Mail

Shipping in 1–3 Business Days¹

Priority Mail[®] is our bestselling mail service. Domestic deliveries arrive in 1-3 business days³ depending on where your package starts and where it's going. Tracking and insurance are included, shipping boxes and envelopes are free, and with Priority Mail Flat Rate[®], you don't need to weigh shipments 70 lbs and under. Purchase Priority Mail postage and shipping labels at a Post Office or online. Prices start at \$8.70.

\$8.70

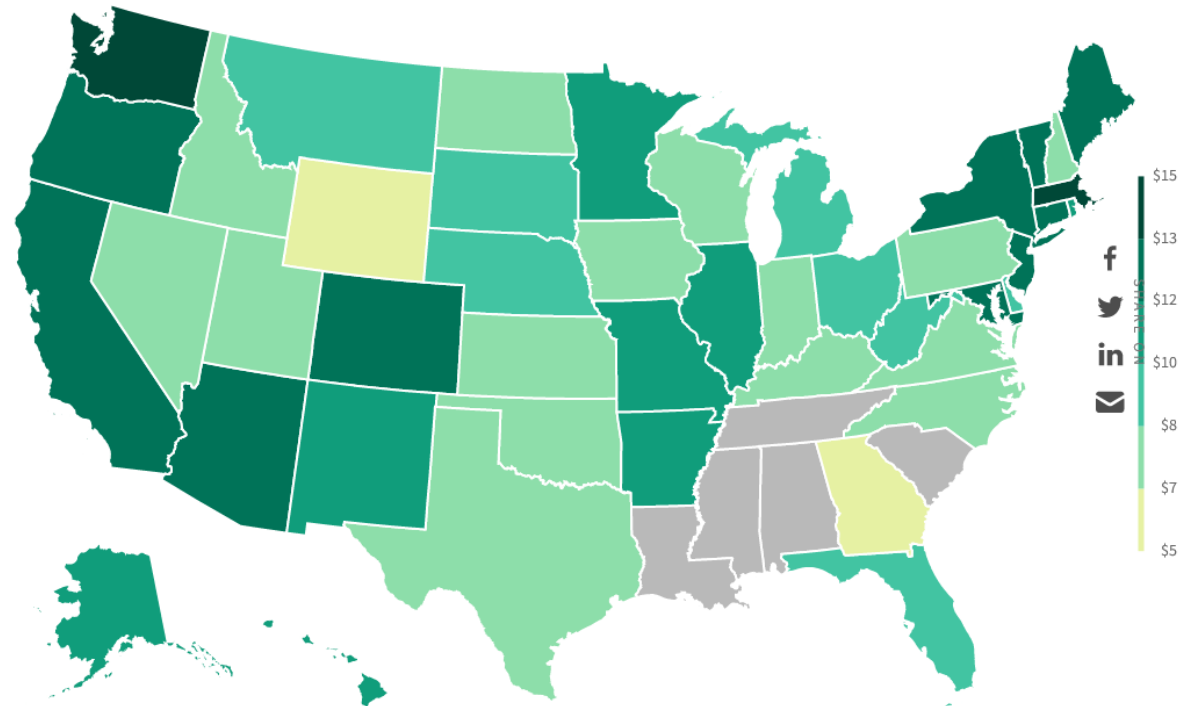


Independent Cost Estimates (ICE)

- ▶ What might alter pricing?
- ▶ Time
- ▶ Economic circumstances
- ▶ Volume
- ▶ Grade
- ▶ Delivery
- ▶ The local market

Five states have no minimum wage laws, while two states have minimum wage below federal levels.

2021
Minimum wage by state



Sources: Department of Labor. [see more](#)

Now What?

- ▶ We have our ICE
- ▶ We receive our bids or proposals
- ▶ Let's do that price analysis – if we can...

Price Analysis

- ▶ **Always the first choice!**

- ▶ FTA C. 4220.1F – “If the recipient determines that competition was adequate, a price analysis, rather than a cost analysis, is required to determine the reasonableness of the proposed contract price”
- ▶ Is the price consistent with our ICE?
- ▶ How does it compare to the other bids or proposals?
- ▶ Does it fit with that catalog, market, and historical pricing?

But Sometimes...

- ▶ **FTA C. 4220.1F**

- ▶ “The recipient must obtain a cost analysis when a price analysis will not provide sufficient information to determine the reasonableness of the contract cost. The recipient must obtain a cost analysis when the offeror submits elements (that is, labor hours, overhead, materials, and so forth) of the estimated cost, (such as professional consulting and A&E contracts, and so forth). The recipient is also expected to obtain a cost analysis when price competition is inadequate, when only a sole source is available, even if the procurement is a contract modification, or in the event of a change order.”

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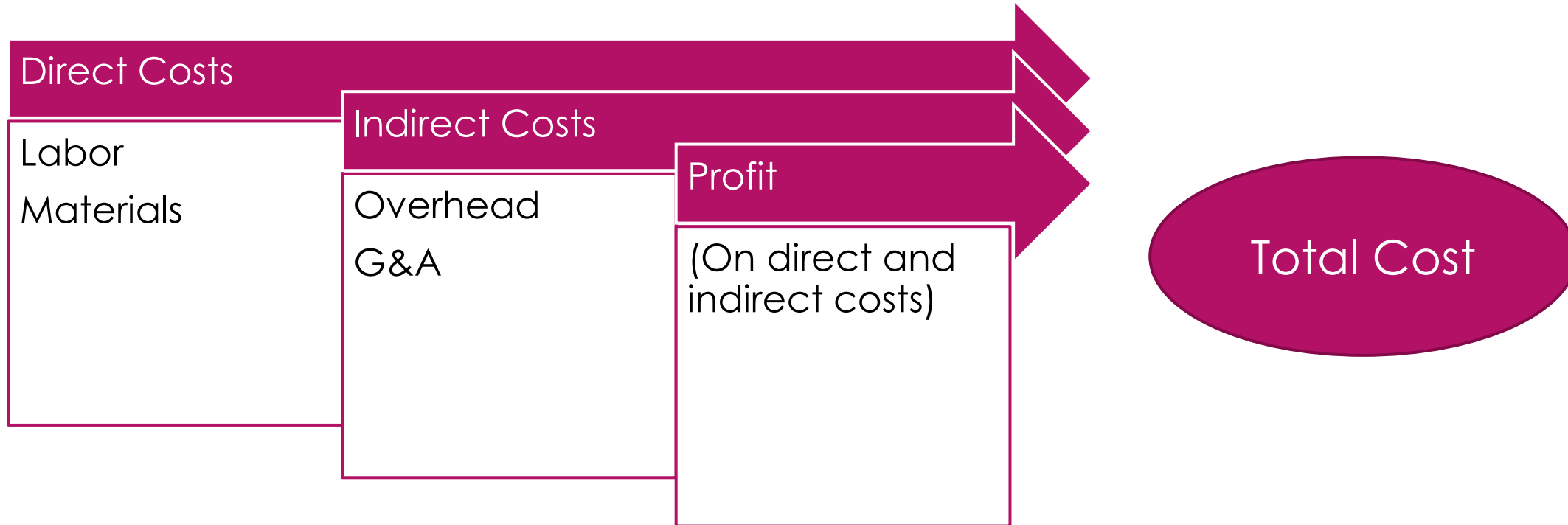
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Cost Analysis

- ▶ **When we have...**
 - ▶ Insufficient information – unique circumstances
 - ▶ Cost reimbursement contracts, including A&E
 - ▶ Sole source contracts
 - ▶ Modifications and change orders

Elements of Cost Analysis



Direct Costs - Labor

▶ Wage determinations

- ▶ Federal – <https://SAM.GOV>
 - ▶ Davis-Bacon Act – public works/construction
 - ▶ Service Contract Act - services
- ▶ California - <https://www.dir.ca.gov/oprl/dprewagedetermination.htm>
- ▶ Professional -

Wage Determinations

A wage determination (WD) is a set of wages, fringe benefits, and work rules that the U.S. Department of Labor has ruled to be prevailing for a given labor category in a given locality.

Help me find a wage determination

I know the WD number

Search by WD Number



Show active only

I do not know the number

Start your search by selecting a category

Public Building or Works



Wage rates for laborers and mechanics

Davis-Bacon Act (DBA)

Service Contracts



Wage rates for service employees

Select Domain
Wage Determinations



By Wage Determination ID

Construction (DBA)

Service Contracts (SCA)

Collective Bargaining Agreement (CBA)

Filter By



Location

State

California



County/ Independent City

Sonoma



Previously Performed

Were these services previously performed under an SCA covered contract?

Yes, in the same locality

Yes, but in a different locality

No, not performed before

Non-Standard Services

Are the contract services to be performed listed in the drop down below as a Non-Standard Service?

Yes

No

Showing 1 - 1 of 1 results

Service Contract Act WD #: 2015-5651

State
California

Counties
Sonoma

Sort by

Published Date



SCA Wage
Determination

Revision Number
16

Service(s)
Standard (Area-Wide)
Wage Determination

Published Date
Jul 12, 2022



1


of 1



Results per page

25





▶ OCCUPATION CODE - TITLE	RATE
▶ 01000 - Administrative Support And Clerical Occupations	
▶ 01011 - Accounting Clerk I	21.81
▶ 01012 - Accounting Clerk II	24.50
▶ 01013 - Accounting Clerk III	27.40
▶ 01020 - Administrative Assistant	33.07

- ▶ **ALL OCCUPATIONS LISTED ABOVE RECEIVE THE FOLLOWING BENEFITS:**
- ▶ **HEALTH & WELFARE: \$4.80 per hour up to 40 hours per week or \$192.00 per week or \$832.00 per month**
- ▶ **HEALTH & WELFARE EO 13706: \$4.41 per hour up to 40 hours per week or \$176.40 per week or \$764.40 per month* [paid sick leave]**
- ▶ **VACATION: 1 week paid vacation after 6 months of service with a contractor or successor; 2 weeks after 1 year 3 weeks after 5 years and 4 weeks...**
- ▶ **HOLIDAYS: A minimum of twelve paid holidays per year...**

Search

Select Domain
Wage Determinations



By Wage Determination ID

Construction (DBA)

Service Contracts (SCA)

Collective Bargaining Agreement (CBA)

Showing 1 - 1 of 1 results

Davis-Bacon Act WD #: **CA20220007**

State
California

Counties
Alpine, Amador, Butte, Colusa, El Dorado, Glenn, Lassen, Marin, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, Yuba

Sort by

Published Date



DBA Wage Determination

Modification Number
16

Construction Types
Building, Heavy, Highway

Published Date
Aug 26, 2022



	Rates	Fringes
BRICKLAYER		
AREA 1.....	\$ 47.24	22.13
AREA 2.....	\$ 49.78	27.34

SPECIALTY PAY:

(A) Underground work such as tunnel work, sewer work, manholes, catch basins, sewer pipes and telephone conduit shall be paid \$1.25 per hour above the regular rate. Work in direct contact with raw sewage shall receive \$1.25 per hour in addition to the above.

(B) Operating a saw or grinder shall receive \$1.25 per hour above the regular rate.

Director's General Prevailing Wage Determinations

- [2022-1 General prevailing wage determinations menu \(journeyman\)](#)
- [2022-1 General prevailing wage apprentice determinations menu](#)
- [Superseded prevailing wage determinations](#)
- [Residential prevailing wage determinations](#)
- [Important notices \(present\)](#)
- [Frequently asked questions - Prevailing Wage](#)
- [Frequently asked questions - Off-Site Hauling](#)
- [Still have questions on prevailing wage?](#)

April 2022

Office of the Director • Research

Quick Links

- [Alternative workweek](#)
- [Consumer Price Index](#)
- [Prevailing wage determinations](#)
- [Labor compliance](#)
- [Public Works](#)
- [Injury & Illness Statistics](#)

External Resources

- [California Labor and Workforce Development Agency](#)
- [Federal Bureau of Labor](#)

Index 2022-1 general prevailing wage journeyman determinations

General prevailing wage determinations
made by the director of industrial relations

Pursuant to California Labor Code part 7,
chapter 1, article 2, sections 1770, 1773, and 1773.1

The effective date of each determination is ten (10) days after the issue date. (8 CCR § 16000). The general determinations are issued twice a year (February 22nd and August 22nd) and go into effect ten days thereafter (March 3rd in a leap year and March 4th in a non-leap year for determinations issued on February 22nd, and September 1st for determinations issued on August 22nd).

To locate a particular journeyman craft or classification's prevailing wage determination, holiday, advisory scope of work, or travel and subsistence provision, please follow the six steps in the table below:

Step one	Statewide	First examine if your craft's determination is among the basic trades that apply to most counties in California.
Step two (A)	Northern California	If you have not found your craft in step one, check this area to see if your craft's determination is one of Northern California's basic trades.
Step two (B)	Southern California	If you have not found your craft in step one, check this area to see if your craft's determination is one of Southern California's basic trades.
Step three	San Diego	After following steps one and two (B), examine this area if your project is in San Diego County.
Step four	County Determinations (subtrades)	If you have not found your craft in steps 1, 2, or 3, choose the county where work is being performed to examine the subtrades.
Step five	County Determinations (Shift) (subtrades) Shift differential pay	Examine the county (if shown) where work is being performed to see if your classification has a shift differential pay determination.
Step six	Important notices	Check the important notices to see if any corrections, interims, or modifications have been issued that may apply to your determination.



GENERAL PREVAILING WAGE DETERMINATION MADE BY THE DIRECTOR OF INDUSTRIAL RELATIONS
PURSUANT TO CALIFORNIA LABOR CODE PART 7, CHAPTER 1, ARTICLE 2, SECTIONS 1770, 1773 AND 1773.1

Craft: Landscape Maintenance Laborer

(Applies Only to Routine Landscape Maintenance Work, Not New Landscape Construction) ¹

Determination:
NC-LML-2022-1

Issue Date:
February 22, 2022

Expiration date of determination:
March 31, 2022* Effective until superseded by a new determination issued by the Director of Industrial Relations. Contact the Office of the Director – Research Unit (415) 703-4774 for the new rates after 10 days from the expiration date, if no subsequent determination is issued.

Wages and Employer Payments:

Locality	Basic Hourly Rate	Health and Welfare	Pension	Vacation	Holiday	Training	Hours	Total Hourly Rate	Overtime Hourly Rate (1 ½ X)
Alameda	\$15.00	\$0.43	\$0.00	\$0.14 ^a	\$0.24	\$0.00	8.0	\$15.81 ^b	\$23.31 ^b
Alpine, El Dorado	\$15.00	\$0.00	\$0.00	\$0.12	\$0.14	\$0.00	8.0	\$15.26	\$22.76
	\$15.00	\$0.00	\$0.00	\$0.14	\$0.16	\$0.00	8.0	\$15.30	\$22.80
Amador	\$15.00	\$0.00	\$0.00	\$0.16	\$0.06	\$0.00	8.0	\$15.22	\$22.72
Butte, Glenn and Plumas	\$15.00	\$0.16	\$0.00	\$0.13 ^c	\$0.05	\$0.00	8.0	\$15.34 ^b	\$22.84 ^b
Calaveras	\$15.00	\$0.00	\$0.00	\$0.10	\$0.12	\$0.00	8.0	\$15.22	\$22.72
Colusa and Sutter	\$15.00	\$0.00	\$0.00	\$0.12	\$0.14	\$0.00	8.0	\$15.26	\$22.76
	\$15.00	\$0.00	\$0.00	\$0.14	\$0.16	\$0.00	8.0	\$15.30	\$22.80
Contra Costa	\$15.00	\$0.00	\$0.00	\$0.00	\$0.12	\$0.00	8.0	\$15.12	\$22.62
Del Norte and Humboldt	\$15.00	\$0.00	\$0.00	\$0.25	\$0.07	\$0.00	8.0	\$15.32	\$22.82
Fresno	\$15.00	\$0.00	\$0.00	\$0.11	\$0.00	\$0.00	8.0	\$15.11	\$22.61
	\$15.00	\$0.00	\$0.00	\$0.19 ^d	\$0.19	\$0.00	8.0	\$15.38 ^b	\$22.88 ^b
Kings	\$15.00	\$0.00	\$0.00	\$0.25 ^e	\$0.25	\$0.00	8.0	\$15.50 ^b	\$23.00 ^b
Lake and Mendocino	\$15.00	\$0.00	\$0.00	\$0.13 ^f	\$0.03	\$0.00	8.0	\$15.16 ^b	\$22.66 ^b
	\$15.00	\$0.00	\$0.00	\$0.14 ^g	\$0.03	\$0.00	8.0	\$15.17 ^b	\$22.67 ^b
Lassen, Modoc, Shasta, Siskiyou and Trinity	\$15.00	\$0.00	\$0.00	\$0.31	\$0.09	\$0.00	8.0	\$15.40	\$22.90
Madera, Mariposa and Merced	\$15.00	\$0.00	\$0.00	\$0.115	\$0.115	\$0.00	8.0	\$15.23	\$22.73
Marin	\$15.00	\$0.00	\$0.00	\$0.00	\$0.12	\$0.00	8.0	\$15.12	\$22.62
Monterey	\$15.00	\$0.00	\$0.00	\$0.14	\$0.22	\$0.00	8.0	\$15.36	\$22.86
	\$15.00	\$0.00	\$0.00	\$0.16	\$0.25	\$0.00	8.0	\$15.41	\$22.91

Minimum Wage

The minimum wage in California is currently \$15.00/hour for employers with 26 or more employees, and \$14.00/hour for employers with 25 or less employees. Some cities and counties have higher minimum wages than the state's rate. UC Berkeley maintains a [list of City and County minimum wages in California](#).

Although there are some exceptions, almost all employees in California must be paid the minimum wage as required by state law. Effective January 1, 2017, the minimum wage for all industries will be increased yearly. From January 1, 2017, to January 1, 2022, the minimum wage will increase for employers employing 26 or more employees. This increase will be delayed one year for employers employing 25 or fewer employees, from January 1, 2018, to January 1, 2023. The scheduled increases may be temporarily suspended by the Governor, based on certain determinations. (Please see the chart below for the complete schedule of rate increases).

For more information and guidance on how to count employees for the purpose of determining whether an employer qualifies as an employer with 25 employees or less please see [New Minimum Wage Phase- in Requirements 2017-2023, SB 3 Frequently Asked Questions page](#).

Labor Commissioner's Office

Quick Links

- ▶ [Bureau of Field Enforcement](#)
- ▶ [Wage Claim Adjudication](#)
- ▶ [Retaliation \(RCI\)](#)
- ▶ [Garment Work](#)
- ▶ [Registration Services](#)
- ▶ [Public Works](#)
- ▶ [Electrician Certification Unit](#)
- ▶ [New Labor Laws in California](#)
- ▶ [Frequently asked questions](#)
- ▶ [Legislative reports](#)
- ▶ [License and Registration Search](#)
- ▶ [Private Attorney General Act \(PAGA\)](#)

Professional Rates

► <https://buy.gsa.gov/pricing/>

Pricing Central

Your one-stop location for contract and task order pricing information

CHOOSE YOUR RESOURCE

Make better decisions for your agency by using these tools to explore and compare your data.



CALC+ Quick Rate

Search GSA's Multiple Award Schedule Not-to-Exceed Ceiling Rates.

[Learn more](#)



Price Estimating Tool (PET)

Research labor rates specific to the OASIS Multiple Award Contract vehicle.

[Learn more](#)



IGCE Tool

Build Independent Government Cost Estimates (IGCEs) using the Acquisition Gateway's IGCE Tool.

[Learn more](#)





Filters

[Reset All](#)

Education Level

BA ▾

Experience

5 10
5 yrs - 10 yrs

Price Range

Min price: \$15 - Max price: \$500

Worksite

contractor ▾

Business Size

Small Business ▾

Category

Scientific Management and ▾

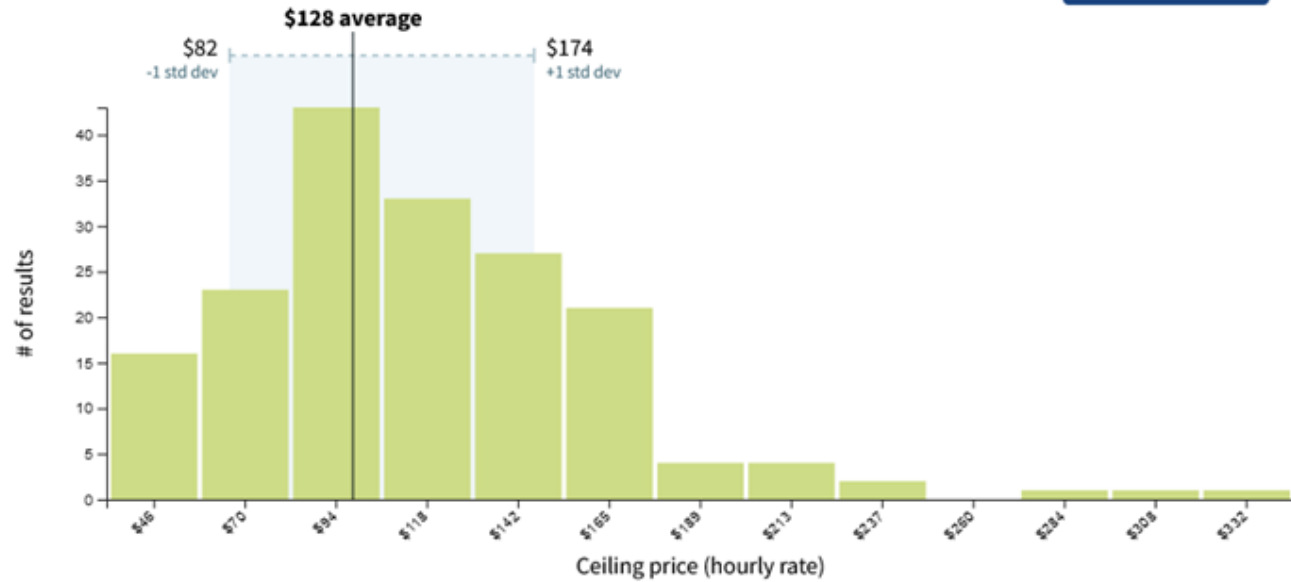
Sub Category

IT Services ▾

Not-To-Exceed Hourly Ceiling Rate

[Download Graph](#)

[Export Data](#)



The rates shown here are fully burdened, applicable worldwide, and representative of the current fiscal year. This data represents rates awarded at the master contract level.

Std Deviation -1	Average Price	Std Deviation +1
\$82	\$128	\$174

Showing 20 out of 175 Data

Filters

Reset All

Education Level

PHD

Experience

5 yrs - 15 yrs

5

15

Price Range

Min price: \$15 - Max price: \$500

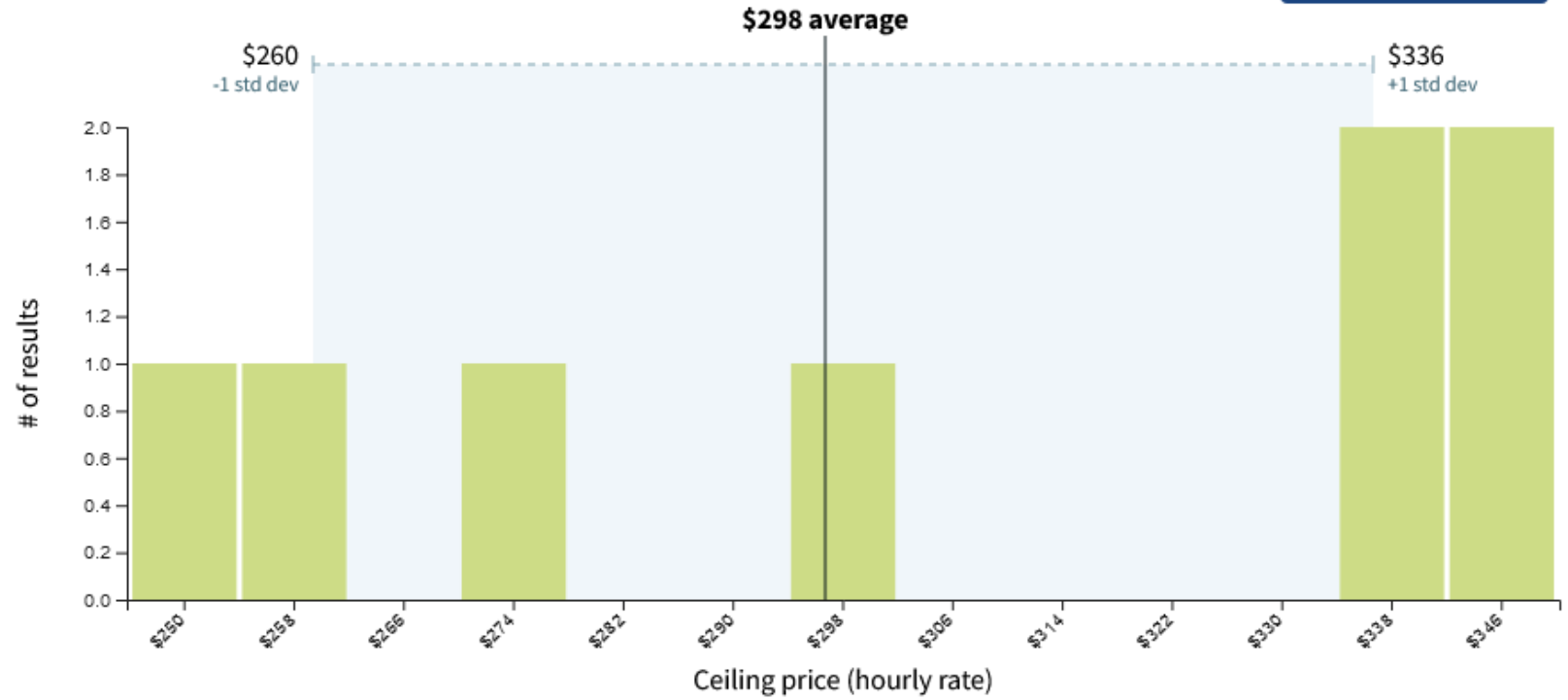
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all

Not-To-Exceed Hourly Ceiling Rate

Download Graph

Export Data



So I Have These Rates...

- ▶ **Do I have the proper labor categories?**
 - ▶ Engineer with 5-10 years and a BA = \$127
 - ▶ Senior engineer, same years and education = \$134
 - ▶ Principal engineer, same years and education = \$156
- ▶ **How many hours of each category do I need?**
 - ▶ This is where we need help
 - ▶ In house resources?
 - ▶ Consultant?

Direct Costs – Materials, Other Direct Costs

▶ Pricing tools

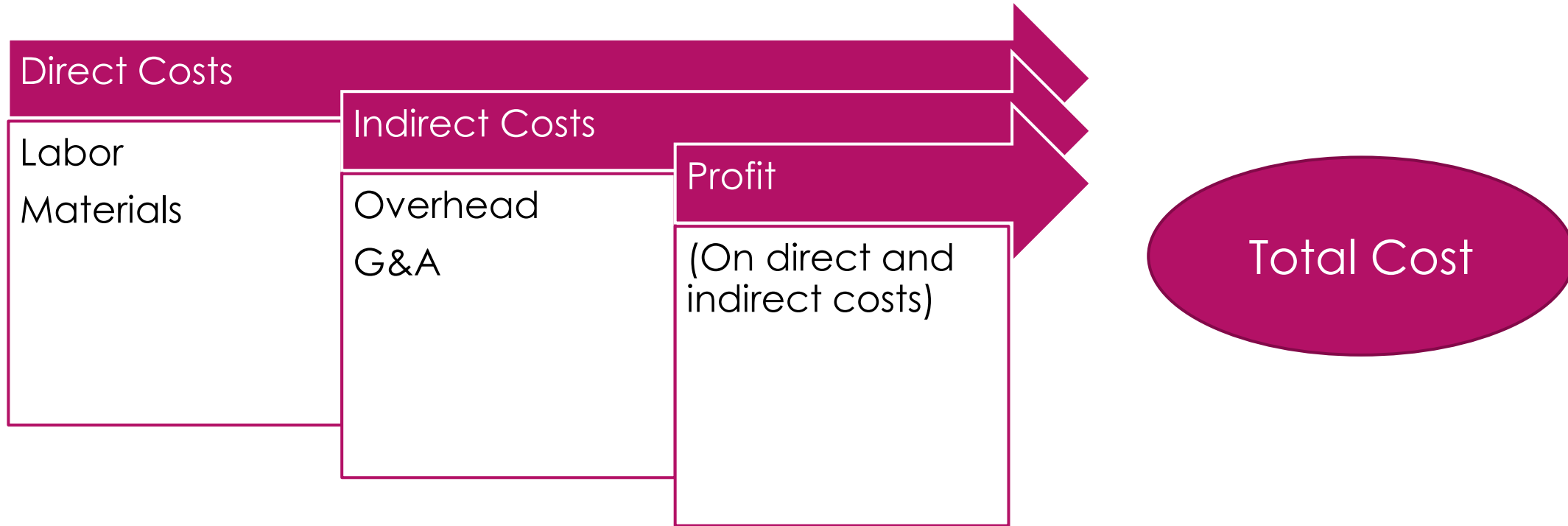
- ▶ RS Means for construction
- ▶ Engineer or architect estimates
- ▶ Price analysis tools for other materials

▶ Other direct costs

- ▶ Equipment rentals
- ▶ Travel – GSA per diem rates
 - ▶ <https://www.gsa.gov/travel/plan-book/per-diem-rates>
- ▶ Subcontractors or subconsultants



Elements of Cost Analysis



Indirect Costs

- ▶ **Overhead and/or G&A**

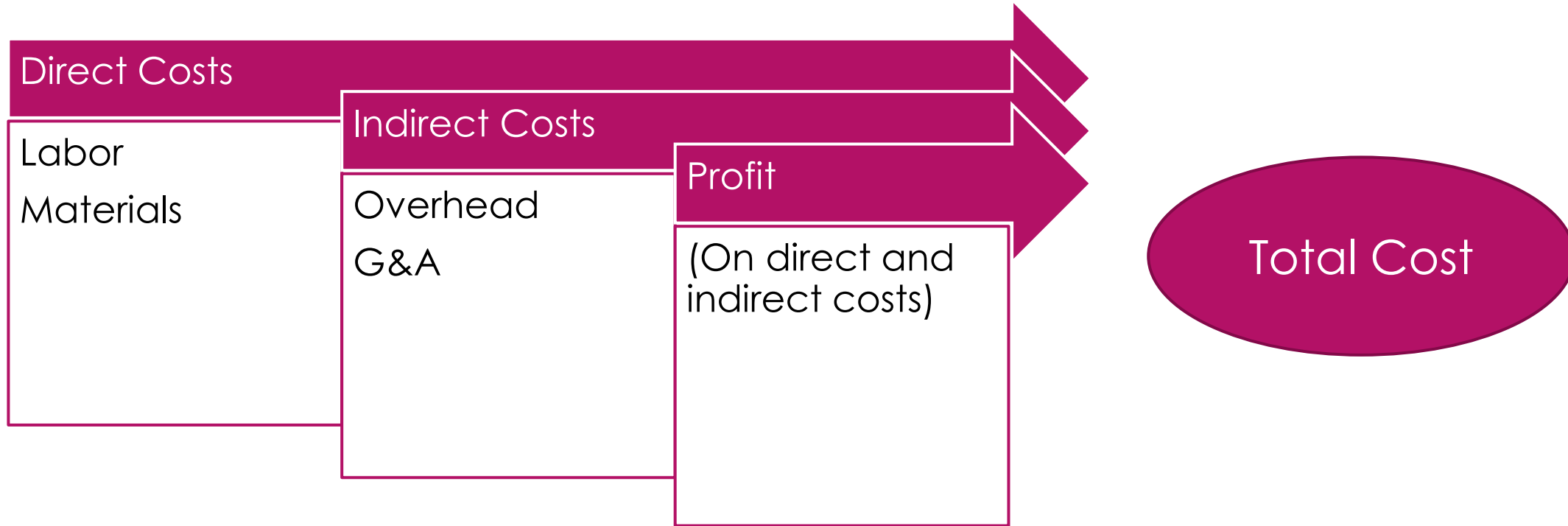
- ▶ Audited rates
- ▶ 2 CFR 200, Subpart E
- ▶ FAR Part 31

- ▶ **What is the difference between overhead and G&A?**

- ▶ **Overhead allocation**

- ▶ Labor hours – for labor-related costs like health insurance
- ▶ Material costs – for material costs like loading doc costs, shop stock

Elements of Cost Analysis



Profit

▶ FTA C. 4220.1F

- ▶ “FTA expects the recipient to negotiate profit as a separate element of the cost for each contract in which there has been no price competition, and in all acquisitions in which the recipient performs or acquires a cost analysis. To establish a fair and reasonable profit, the recipient needs to consider the complexity of the work to be performed, the risk undertaken by the contractor, the contractor’s investment, the amount of subcontracting, the quality of the contractor’s record of past performance, and industry profit rates in the surrounding geographical area for similar work”

Profit

▶ FTA C. 4220.1F

- ▶ “FTA expects the recipient to **negotiate profit as a separate element of the cost** for each contract in which there has been no price competition, and in all acquisitions in which the recipient performs or acquires a cost analysis. To establish a fair and reasonable profit, the recipient needs to consider the complexity of the work to be performed, the risk undertaken by the contractor, the contractor’s investment, the amount of subcontracting, the quality of the contractor’s record of past performance, and industry profit rates in the surrounding geographical area for similar work”

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Profit

- ▶ Risk – firm pricing is risky, cost reimbursement is not
- ▶ Complexity – acquiring and converting materials v. an Ikea kit
- ▶ Magnitude – small jobs merit higher profit
- ▶ Performance period – accelerated delivery merits higher profit
- ▶ Investment – capital for mobilization, tooling, facilities, equipment
- ▶ Authority assistance – agency support and supervision lowers risk
- ▶ Subcontracting – the more subbed out, the lower the profit ought to be
- ▶ WMATA procurement procedures online at <https://www.wmata.com/business/procurement/upload/WMATA-Procurement-Procedures-Manual-2017-Version-7-9-2.pdf>

FTA Guidance

- ▶ **“FTA recognizes that some recipients may have difficulty obtaining the information necessary to conduct a proper cost or price analysis. Although neither FTA nor DOT may change the Common Grant Rules’ requirements for cost or price analysis, FTA continues to seek a fair, practical solution to this problem consistent with the flexibility provided to Federal contracting officers under the FAR”**
- ▶ **Cost analysis is sometimes as much art as science**
 - ▶ Estimates from experience
 - ▶ Assumptions and indicators
 - ▶ Most evident in change orders...

Change Orders and Contract Modifications

- ▶ **Always treated like a sole source procurement for FTA purposes**
 - ▶ “The recipient must obtain a cost analysis when a price analysis will not provide sufficient information to determine the reasonableness of the contract cost. The recipient must obtain a cost analysis when the offeror submits elements (that is, labor hours, overhead, materials, and so forth) of the estimated cost, (such as professional consulting and A&E contracts, and so forth). The recipient is also expected to obtain a cost analysis when price competition is inadequate, when only a sole source is available, **even if the procurement is a contract modification, or in the event of a change order.**”

Change Orders and Contract Modifications

- ▶ **Accounting for the change**
 - ▶ What would it have cost the contractor originally?
 - ▶ What will it cost the contractor as changed?
 - ▶ Account for savings as well as additional costs

Change Order Example

- ▶ Construction changes
- ▶ Ready to install door
- ▶ Change position



CRIPPLE STUD

HEADER

DOUBLE TOP
PLATES

JACK STUD

KING STUD

CRIPPLE STUD

HEADER

DOUBLE TOP
PLATES

JACK STUD

KING STUD

CRIPPLE STUD

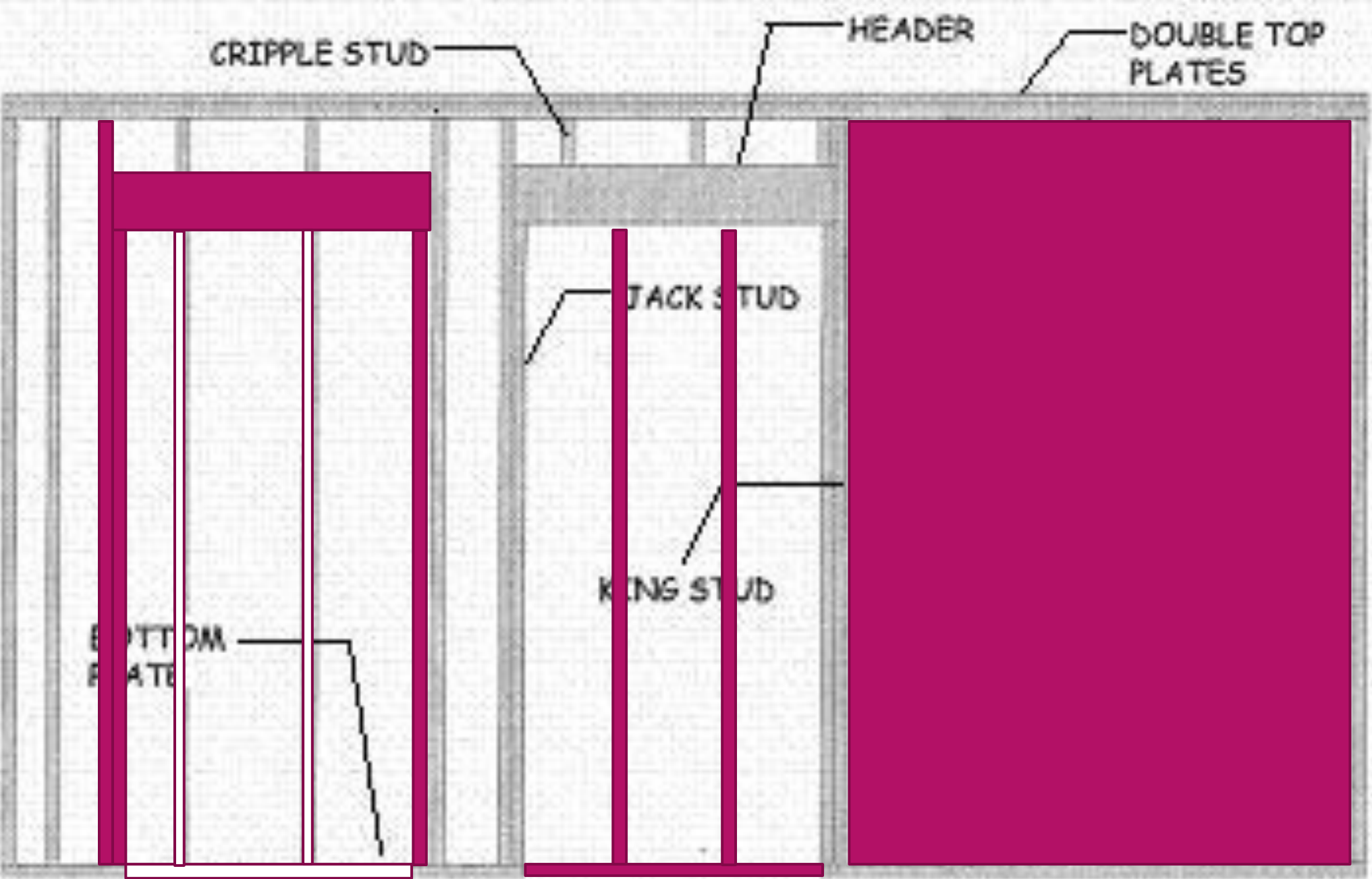
HEADER

DOUBLE TOP PLATES

JACK STUD

KING STUD

BOTTOM PLATE



Change Order Example

- ▶ **What were my adds?**
 - ▶ Taking away some wallboard
 - ▶ Filling in the doorway with studs
 - ▶ Creating the door framing
 - ▶ Adding new wallboard
 - ▶ Adding the new door
- ▶ **What was my subtraction?**
 - ▶ Deleting the old door

Change Order Example

▶ Labor

- ▶ How many additional hours?
- ▶ What skill level?
- ▶ Supervision?

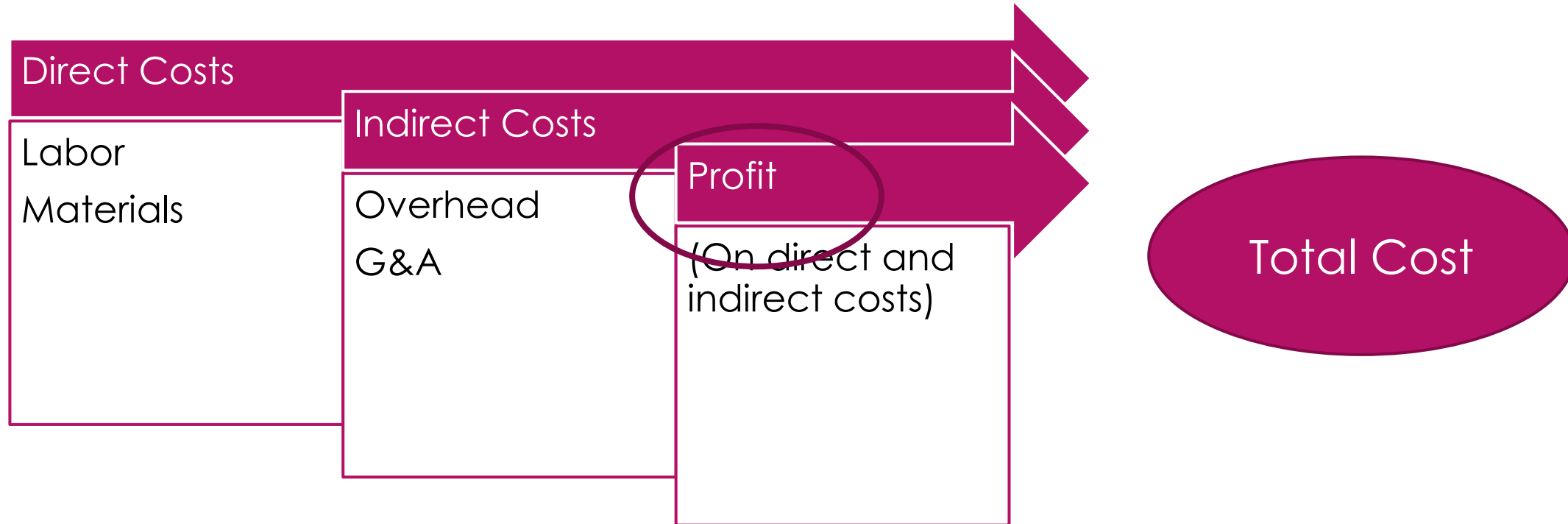
▶ Materials

- ▶ Add lumber and wallboard
- ▶ Add new door
- ▶ Subtract old door

Change Order Example

- ▶ **Overhead**
 - ▶ On labor
 - ▶ On materials – with additions and deletion

Change Order Example



Change Order Example - Profit

- ▶ Risk – not much here
- ▶ Complexity – moderate
- ▶ Magnitude – small
- ▶ Performance period – fit into the schedule
- ▶ Investment – materials purchase
- ▶ Authority assistance – none
- ▶ Subcontracting – is it the prime or sub?

Economic Changes

- ▶ **Contractor requests a price increase due to unexpected inflation**
 - ▶ Contract includes a provision for re-pricing
 - ▶ Contract includes a force majeure clause that allows economic adjustment
 - ▶ Contract is silent on re-pricing

Economic Changes

- ▶ **FTA guidance – “FTA has received inquiries about whether FTA recipients are permitted to adjust existing contracts to address recent price increases. All recipients should take every reasonable measure to control costs and be good stewards of Federal dollars wherever possible. The applicable Federal requirements on adjusting existing contracts are contained in the OMB Uniform Guidance (codified at 2 CFR Part 200), which is the Federal regulation establishing uniform administrative requirements, cost principles, and audit requirements for Federal grant awards. In certain circumstances, the OMB Uniform Guidance permits the parties to an existing federally-funded contract to modify the contract for several reasons, including price adjustments.”**

Economic Changes

- ▶ **FTA guidance – cites 2 CFR 200.318(k)**

- ▶ “The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern.”

Economic Changes

- ▶ FTA has allowed grantees to exercise discretion in responding to hyper-inflation
- ▶ Sub-grantees must work with the FTA grantee – typically, the states
- ▶ Assuming the state agency is amenable...

Economic Changes

▶ **Wage increases**

- ▶ Requested increase
- ▶ Payroll taxes – FICA, CA state unemployment
- ▶ Fringe benefits – health coverage, holidays, sick days, vacation, 401k
- ▶ Workers' comp
- ▶ Other aspects of overhead/G&A
- ▶ Profit

Economic Changes

- ▶ Is it reasonable?
 - ▶ Competitive market
 - ▶ Bureau of Labor Statistics

Employment Cost Index

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[HTML version of the entire news release](#)

Economic Changes

- ▶ **Is it reasonable?**
 - ▶ Federal Open Market Committee
 - ▶ Historical inflation expectation
 - ▶ 'Personal Consumption Expenditures'

The screenshot shows the Federal Reserve's website navigation bar with links for 'About the Fed', 'News & Events', 'Monetary Policy', 'Supervision & Regulation', 'Financial Stability', and 'Payment Systems'. Below the navigation bar is a breadcrumb trail 'Home > Monetary Policy' and the main heading 'Monetary Policy Report'. The main content area contains a paragraph explaining the Federal Reserve Act's requirement for the Board to submit written reports to Congress, followed by a list of reports for the years 2022, 2021, and 2020. Each year lists reports from February and June, with links for 'Testimony', 'HTML', and 'PDF'. A right-hand sidebar menu is partially visible, listing items like 'Meet the', 'Workin', 'Finance', 'Discuss', 'FEDS N', 'Internat', and 'Discuss'.

Home > Monetary Policy

Monetary Policy Report

The Federal Reserve Act requires the Federal Reserve Board to submit written reports to Congress containing discussions of "the conduct of monetary policy and economic developments and prospects for the future." This report—called the *Monetary Policy Report*—is submitted semiannually to the Senate Committee on Banking, Housing, and Urban Affairs and to the House Committee on Financial Services, along with testimony from the Federal Reserve Board Chair.

2022
February: [Testimony](#) | [HTML](#) | [PDF](#)
June: [Testimony](#) | [HTML](#) | [PDF](#)

2021
February: [Testimony](#) | [HTML](#) | [PDF](#)
July: [Testimony](#) | [HTML](#) | [PDF](#)

2020
February: [Testimony](#) | [HTML](#) | [PDF](#)
June: [Testimony](#) | [HTML](#) | [PDF](#)

Economic Changes

- ▶ The most prevalent economic change throughout the industry has been small bus pricing!
- ▶ State DOTs have allowed increases at and exceeding 50%!
- ▶ Joe Meer of Morongo Basin Transit Authority leads the joint procurement for CalACT



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