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Title: Independent Cost Estimate Process		

1.0 PURPOSE:

The purpose of this procedure is to define the process by which an Independent Cost Estimate (ICE) for contracts, work authorizations (WA), supplemental agreements (SA), agreements for adjustment to utilities (AAU) and Change Orders (CO) are prepared, validated and approved.

2.0 RESPONSIBILITIES:

- 2.1** Director of Project Delivery – The Director of Project Delivery shall be responsible for review and approval of the ICE.
- 2.2** NTTA Staff Member – The NTTA Staff Member assigned the responsibility to negotiate the contract, WA, or SA on behalf of the NTTA shall be responsible to utilize the approved ICE to establish a reasonable fee for the service.
- 2.3** Corridor Manager (CM)/Project Manager – The Corridor Manager (CM)/Project Manager (PM) shall be responsible to notify the PD Program Support staff of the need for the new contract, WA, or SA. Upon notification, the CM/PM shall complete the ICE, using the established template, within five (5) business days. The CM/PM shall also be responsible to review and approve the ICE once validated. The CM/PM shall be responsible for using the approved ICE in negotiations with the selected firm to establish a reasonable fee for the service.
- 2.4** Project Delivery (PD) Subject Matter Expert (SME) - The SME may be called upon to prepare and/or validate the ICE in its entirety, or may be asked to assist the CM/PM in the preparation of the ICE. The SME shall have been provided the scope and schedule for the needed service prior to the preparation of the ICE. Once notified and having been provided the scope and schedule, the SME shall prepare the ICE within five (5) business days, utilizing the established template. The SME validating the ICE must be a different individual from the preparer.
- 2.5** Construction Manager/Resident Engineer – The Construction Manager/Resident Engineer (RE) shall be responsible for preparing an ICE for all proposed construction change orders (including net credit change orders). The Construction Manager/RE shall prepare the ICE within five (5) business days of direction from C5 and shall utilize the established template. The Construction Manager/RE shall be responsible for using the approved ICE in negotiations with the contractor to establish a reasonable cost for the change order.
- 2.6** Utility Coordination Manager – The Utility Coordination Manager shall be responsible for preparing an ICE for all proposed AAUs and all Utility Change Orders (including net credit change orders). The Utility Coordination Manager shall prepare the ICE within five (5) business days of notice of need for AAU or Utility Change Order and shall utilize the established template. The Utility Coordination Manager shall be responsible for using the approved ICE in discussions with the Utility provider to establish a reasonable cost for the AAU or Utility Change Order.

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- 2.7 PD Validation – For professional services, the assigned PD resource (with subject matter expertise) shall be responsible for validation of prepared ICEs. For construction COs, the PD Estimating Manager shall be responsible for validation of prepared ICEs. For AAU and Utility COs, the PD ROW/Utilities Manager shall be responsible for validation of prepared ICEs. In all cases, the validation shall occur within five (5) business days of receipt.
- 2.8 Project Delivery Contracts Manager – The Project Delivery Contracts Manager shall be responsible for receiving notice of the need for the ICE from the CM/PM and identifying a SME if requested by the CM/PM.
- 2.9 PD Program Support Staff – The PD Program Support staff shall be responsible for reviewing all submitted ICEs for completeness and required signatures, tracking and monitoring ICE status, and routing them to the various parties involved in review and approval per this procedure.
- 2.10 PD Estimating Manager – The PD Estimating Manager shall be responsible for reviewing and approving construction ICEs.

3.0 SCOPE/APPLICABILITY:

This procedure shall apply to all initial contracts, WAs, SAs, COs, and AAUs (including change orders) greater than or equal to \$100,000.00, executed within the Project Delivery department. All ICEs shall be prepared prior to entering into any level of negotiation with the selected firm or contractor, however, the basic information (scope and schedule) used to prepare an ICE may be provided to the selected firm or contractor for cost proposal or fee preparation concurrently to save time. For initial construction contracts, the engineer's estimates are validated by the PD Estimating Manager as part of PS&E review in accordance with FD-01. It is important to note that an ICE is not required on construction change orders where the Authority is bound to utilize existing bid pricing for quantity over/under-runs, or application of contract specified unit price adjustments when magnitudes of over/under-runs result in such contractual entitlement.

4.0 REFERENCES:

- [FD-01](#) PS&E Development, Review and Approval
- [CA-01](#) Procurement – Professional Services
- [CON-03](#) Construction Contract Change Order (CO) Process
- [UC-01](#) Utility Relocation Process

5.0 DEFINITIONS & ACRONYMS

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6.0 PROCEDURES:

6.1 ICE Notification

- 6.1.1 Professional Services: When it is determined that a new contract, WA, or SA is needed, the Corridor/Project Manager (CM/PM) shall notify the Project Delivery Contracts Manager no less than three (3) weeks prior to planned negotiations with the selected firm for WAs and SAs, or 3 weeks prior to advertisement of the RFQ for new contracts. At that time, the CM/PM or his/her delegate shall provide the scope and schedule for the contract, WA, or SA.
- 6.1.1.1 The ICE preparer and the firm preparing the new contract, WA or SA must use the exact same scope of services to perform their work.
- 6.1.1.2 In order to eliminate variations due to differences in labor rates and number of personnel, it is suggested that the ICE preparer meet with the CM/PM to obtain the expected approximate labor rates of the firm and to hold general discussions regarding level of effort.
- 6.1.2 Construction: When the Construction Manager/RE determines that a construction change order is considered likely to be required, the Construction Manager/RE shall notify the C5 (no less than three (3) weeks prior to planned negotiations with the contractor) with scope and schedule information, and shall then obtain from the C5, the approval to pursue the change order and to prepare an ICE.

6.2 ICE Preparation

- 6.2.1 Professional Services: Once the CM/PM has provided notification and the scope and schedule for the requested service, the CM/PM may choose to prepare the ICE themselves if they have the expertise, or they shall make a request to the Project Delivery Contracts Manager to have the ICE preparation assigned to an appropriate SME within the Project Delivery. If the request is made for the Project Delivery to assign a SME to prepare the ICE, the scope and schedule shall be provided to the Project Delivery Contracts Manager by the CM/PM for distribution to the assigned SME. Whether the ICE is prepared by the CM/PM or the PD SME, the ICE shall be prepared utilizing the established template CA-08-F1 or CA-08-F3, including applicable assumptions, and shall be completed within five (5) business days. Once completed, the CM/PM or PD SME shall attach the scope and schedule to the completed and signed ICE and forward the ICE package to the appropriate Program Support staff member.
- 6.2.2 Construction: The Construction Manager shall be responsible to obtain C5 evaluation of the scope and schedule of the proposed change and C5 consensus to go ahead, prior to investing time in the preparation of the ICE. Upon approval by the C5, the Construction Manager shall prepare the ICE utilizing the established template CA-08-F2, including applicable assumptions, within five (5)

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business days. The Construction Manager may provide the information (revised plan sheets, calculations, etc.) to the contractor and request a cost proposal from the contractor to be prepared concurrently with the ICE if timing is critical, but in no event shall the ICE be shared with the contractor. Once completed, the Construction Manager shall attach the scope and schedule information and any other pertinent backup information to the completed and signed ICE and forward the ICE package to the appropriate Program Support staff member.

- 6.2.3 Utilities: Once the Utility Coordination Manager learns of the need for an AAU or Utility CO, the Utility Coordination Manager shall prepare an ICE within five (5) business days utilizing the established template CA-08-F1. If the Utility CO impacts construction, the Utility Coordination Manager shall present the CO to the C5 for approval prior to ICE preparation. The Utility Coordination Manager may provide information to the Utility and perform the ICE concurrently. Once completed, the Utility Coordination Manager shall attach the scope and schedule information and any other pertinent backup information to the completed and signed ICE and forward the ICE package to the appropriate Program Support staff member.

6.3 ICE Validation

- 6.3.1 Professional Services: The PD Program Support staff shall forward the completed ICE to the identified PD SME for validation. The PD resource shall review the ICE in concert with the scope, schedule and assumptions to validate the estimate. The PD resource may work with the ICE preparer to address any questions and resolve any conflicts. Should the validation require the ICE to be modified, the PD resource shall request the preparer to modify and resubmit the ICE. The final product shall be an ICE the preparer and the validator agree upon and shall be signed by both parties. ICE validation shall be completed within five (5) business days. The completed, validated, and signed ICE along with assumptions, scope and schedule attachments shall be forwarded to the appropriate Program Support staff member.
- 6.3.2 Construction: The PD Program Support staff shall forward the completed ICE to the PD Estimating Manager for validation. The PD Estimating Manager shall review the ICE in concert with the scope, schedule, assumptions, and other pertinent backup information to validate the estimate. The PD Estimating Manager may work with the Construction Manager on proposed change orders to address any questions and resolve any conflicts. Should the validation require the ICE to be modified, the PD Estimating Manager shall request the Construction Manager to modify and resubmit the ICE. The final product shall be an ICE the Construction Manager and the PD Estimating Manager agree upon and shall be signed by both parties. ICE validation shall be completed within five (5) business days. The completed, validated, and signed ICE along with assumptions, scope and schedule attachments, and any pertinent backup information shall be forwarded to the appropriate PD Program Support staff member.

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6.3.3 Utilities: Program Support staff shall forward the completed ICE to the PD ROW/Utilities Manager for validation. The PD ROW/Utilities Manager shall review the ICE in concert with the scope, schedule and assumptions to validate the estimate. The PD ROW/Utilities Manager may work with the Utility Coordination Manager to address any questions and resolve all conflicts. Should the validation require the ICE to be modified the PD ROW/Utilities Manager shall request the Utility Coordination Manager to modify and resubmit the ICE. The final product shall be an ICE the Utility Coordination Manager and the PD ROW/Utilities Manager agree upon and shall be signed by both parties. ICE validation shall be completed within five (5) business days. The completed, validated and signed ICE along with assumptions, scope and schedule attachments, and any pertinent backup information shall be forwarded to the Program Support staff member.

6.4 ICE Approval

- 6.4.1 PD Program support staff shall forward the validated ICE package to the CM/PM. The CM shall review the ICE to determine appropriateness and if in agreement, shall sign the ICE and forward back to the appropriate Program Support staff member. If the new contract, WA or SA is being performed by the CM/PM, the ICE should not be given to the CM/PM for approval. The words "Not Applicable" shall be placed in the signature block for the CM/PM.
- 6.4.2 PD Program support staff shall forward the ICE package to the Director of Project Delivery. The Director of Project Delivery shall review the ICE, sign to indicate approval and forward back to Program Support staff.
- 6.4.3 If the Director of Project Delivery does not approve the procurement or change order, the ICE shall be returned to the originator for revision and re-submittal.

6.5 Use of the Approved ICE: All ICEs shall be prepared, validated and approved prior to entering into any level of negotiation with the selected firm, contractor or Utility.

- 6.5.1 Professional Services: PD Program Support staff shall forward the approved ICE package to each appropriate NTTA staff member who will be involved in negotiations and the ICE shall be utilized by the Lead NTTA staff member of the negotiation team to achieve a fair and reasonable cost for the contract, WA, or SA. Should the negotiation team accept a fee that is more than 10% greater than the ICE, the Lead NTTA staff member shall document the rationale for accepting the higher fee. Once negotiations have concluded, the approved ICE package and rationale for a higher fee, if applicable, shall be attached to the contract, WA, or SA for execution in accordance with CA-01.
- 6.5.2 Construction: PD Program Support staff shall forward the approved ICE package to the Construction Manager with e-mail notification to C5 voting members. The Construction Manager shall utilize the approved ICE in negotiations with the contractor to achieve a fair and reasonable cost for the change order. Should the Construction Manager accept a fee that is more than 10%

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greater than the ICE, the Construction Manager shall document the rationale for accepting the higher fee. Once negotiations have concluded, the approved ICE package and rationale for a higher fee, if applicable, shall be attached to the CO for execution in accordance with CON-03.

- 6.5.3 Utilities: Program Support staff shall forward the approved ICE package to the Utility Coordination Manager who will evaluate the Utility relocation cost based on historical cost for similar scope and schedule and to suggest where the Utility Company may be able to adjust the price in the agreement or change order and negotiate the instrument with the best interest of the NTTA and the Utility in mind. Should the negotiation team accept a fee that is more than 10% greater than the ICE, the Utility Coordination Manager shall document the rationale for accepting the higher fee. Once negotiations have concluded, the approved ICE package and rationale for a higher fee, if applicable, shall be attached to the AAU or CO for execution in accordance with UC-01 or CON-03.
- 6.5.4 All completed and approved ICEs shall become part of the procurement records and filed in EPDS by PD Program Support staff.

7.0 REGULATORY REQUIREMENTS:

N/A

8.0 RELATED BOARD POLICY:

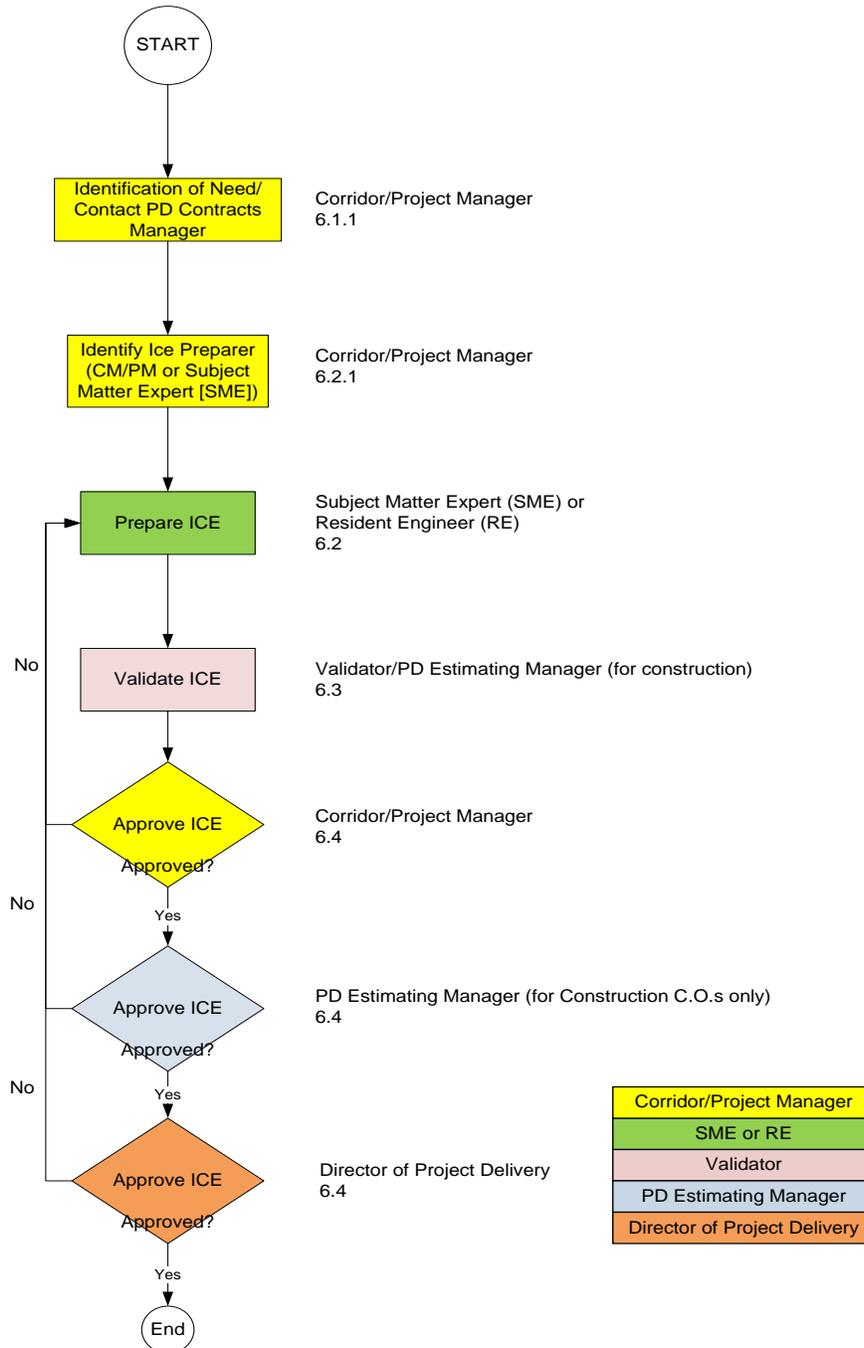
N/A

9.0 COMPONENT DOCUMENTS:

- [CA-08-F1](#) Professional Services ICE template
- [CA-08-F2](#) Construction Change Order ICE template
- [CA-08-F3](#) Professional Services ICE Template – Construction Management

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10.0 FLOWCHART:



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11.0 REVISION HISTORY:

Revision	Revised by	Date Released	DRN	Reason for Revision
0	Micki Ellis	08/07/2009	10016	Original Release
1	Mike Hutchison	04/21/2010	10138	Section 2.8 - Add PMO Contracts Manager in Responsibilities section Section 6.1.1.1 and 6.1.1.2 - Add instructions for providing consistency in scope and labor rates Section 6.4.1 - Add instructions for ICE's prepared for use with a CM/PM contract, SA or WA.
2	Mike Hutchison	04/28/2011	10300	Section 2.5 – Change title to Construction Manager/RE Section 2.10 – Add PD Estimating Manager definition Section 6.0 – clarify timing for WAs and SAs, change PMO Contracts Manager to Project Delivery Contracts Manager, Change PMO Estimator to PD Estimating Manager, add reference to EPDS filing in 6.5.4 Section 9.0 – Replace CA-08-F3 with new template for Construction Management Section 10.0 – Add flowchart