Sample Document: COST ANALYSIS

**Description**: This document is provided for Community Development Block Grant Disaster Recovery (CDBG-DR) grantees looking for an example of a cost analysis for professional services.

**Source of Document**: This document was excerpted from a Clark County Washington Procurement Procedures for its CDBG program and modified to show typical staff review procedures. This document is not an official HUD document and has not been reviewed by HUD counsel. It is provided for informational purposes only.

**How to use this document**: Chapters 3 and 4 of the CDBG-DR Procurement Toolkit address Cost/Price Analysis. This analysis could be used for review of costs for RFP/RFQ proposals and small purchase procurements.

The grantee should complete the Grantee Estimated Cost Sheet following this introduction. The Grantee Estimated Cost Sheet is designed to be filled out by grantee prior to issuing the RFP/RFQ for professional services. The Cost Detail Worksheet is intended to be filled out by the firm responding to the RFP/RFQ and included in their response. The Grantee Estimated Cost Sheet is compared to the Cost Detail Sheet reviewing wages and total hours and level of effort for similar work. Grantee Staff reviews the staff estimates with those of the selected contractor for amount of time and the labor costs of the professional services firm to evaluate whether the costs are reasonable. This review is completed before the consultant signs a contract.

The regulations governing Cost/Price analysis are found in 2 CFR 300.323, as follows:

* ***§ 200.323 Contract cost and price.***

*(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.*

*(b) The non-Federal entity 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. To establish a fair and reasonable profit, consideration must be given to the complexity of 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.*

*(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under Subpart E—Cost Principles of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.*

*(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.*

**For More Information**

This resource is part of the *Community Development Block Grant Disaster Recovery (CDBG-DR) Toolkits*. View all of the Disaster Recovery Toolkits here: [https://www.hudexchange.info/programs/cdbg-dr/toolkits/](https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/).

*Community Development Block Grant Disaster Recovery (CDBG-DR) Toolkits are designed to provide general guidance across all types of disasters (e.g. hurricanes, f****l****oods; tornadoes; earthquakes; etc.).  CDBG-DR Toolkits are NOT disaster specific.  CDBG-DR grant funding for a disaster or group of disasters is governed by CDBG requirements and any modifications contained in one or more Federal Register Notices (FRN) applicable to the disaster.  Grantees subject to the Disaster Relief Appropriations Act of 2013 (Public Law 113-2) should review all footnotes for additional applicable citations and guidance.  In addition to the FRN, Toolkit users should review applicable Federal cross-cutting requirements. The FRN, as well as cross-cutting requirements, are available on the Department’s website.*

For additional information about disaster recovery programs, please see your HUD representative.

**COST ANALYSIS FOR PROFESSIONAL SERVICES**

For competitive bidding, the process is easy – detailed plans and specifications are provided to the marketplace of contractors who respond to the city with the cost for accomplishing that work. Conducting cost and price analysis for professional services is different. The industry standard within the engineering/architectural professions is to provide a detailed scope of work  *and* a matrix that illustrates the cost of accomplishing that scope of work. Details would include:

* the professional classification of personnel working on the job,
* the hourly rate charged for each professional classification
* estimated number of hours worked by each professional classification, and
* the total estimated cost

The bottom line is that sufficient detail must be provided to allow for a reliable analysis be done to determine whether costs are reasonable.

As is the case with many CDBG regulations, the tools and methods for accomplishing the analysis are left to the grantee. One way of accomplishing this is completing the Grantee Estimated Cost Sheet following this introduction. The Grantee Estimated Cost Sheet is designed to be filled out by grantee prior to issuing the RFP/RFQ for professional services. The Cost Detail Worksheet is intended to be filled out by the firm responding to the RFP/RFQ and included in their response. The Grantee Estimated Cost Sheet is then compared to the Cost Detail Sheet reviewing wages and total hours and level of effort for similar work on the Cost Review Sheet. Grantee Staff reviews the staff estimates with those of the selected contractor for amount of time and the labor costs of the professional services firm to evaluate whether the costs are reasonable. This review is completed before a contract is signed by the Grantee.

**Grantee Estimated Cost Sheet**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Project Name | | Due Date of RFP/RFQ | | | |
| Street Address | |  | | | |
| City, State, Zip | | Total Price  $ | | | |
| A. Direct Labor  Attach a copy of the scope of services identified in the RFP/RFP. Each task identified in the scope of services should be assigned an estimated amount of time for completion. The total amount of time identified on the scope of services should correspond to the estimate in this section. | | | | | |
| **Job Title (eg. Architect, draftsman, etc)** | **Est. No. of Days** | | **Daily Rate** | **Est. Cost** | |
| 1. |  | |  |  | |
| 2. |  | |  |  | |
| 3. |  | |  |  | |
| 4. |  | |  |  | |
| **5. Total Direct Labor** |  | |  |  | |
| B. Overhead/Indirect Costs | Rate | | Base | Est. Cost | |
| C. Other Direct Costs | | | | | |
| Transportation | Est. # of site visits | | Rate | Est. Cost | |
|  |  | |  |  | |
| Per Diem | Est. No. of Days | | Daily Rate | Est. Cost | |
|  |  | |  |  | |
| Reproduction | Est. No. of Pages | | Page Rate | Est. Cost | |
|  |  | |  |  | |
| Other (specify) | | | | $ | |
| 1. | | | | $ | |
| 2. | | | | $ | |
| 3. | | | | $ | |
| 4. | | | | $ | |
| **5. Total Other Direct Costs** | | | | **$** | |
| D. Subcontracts | | | | | |
| Type of Subconractor(s) | Est. No. of Days | | Daily Rate | | Est. Cost |
| 1. |  | |  | |  |
| 2. |  | |  | |  |
| **3. Total Subcontractor Costs** |  | |  | |  |
| **Total Estimated Costs (Line A5+B+C5+D3)** | | | | | **$** |
| Profit | | | | | $ |
| **TOTAL ESTIMATED PRICE** | | | | | **$** |

**Cost Detail Sheet**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of Consultant | | Date of Proposal | | |
| Street Address | | Federal ID Number | | |
| City, State, Zip | | Total Price  $ | | |
| A. Direct Labor (specify personnel by name)  Attach a copy of the scope of services identified in the contract. Each task identified in the scope of services should be assigned an estimated amount of time for completion. The total amount of time identified on the scope of services should correspond to the estimate in this section. | | | | |
| **Personnel Name** | **Est. No. of Days** | | **Daily Rate** | **Est. Cost** |
| 1. |  | |  |  |
| 2. |  | |  |  |
| 3. |  | |  |  |
| 4. |  | |  |  |
| **5. Total Direct Labor** |  | |  |  |
| B. Overhead/Indirect Costs | Rate | | Base | Est. Cost |
| C. Other Direct Costs | | | | |
| Transportation | Est. # of site visits | | Rate | Est. Cost |
|  |  | |  |  |
| Per Diem | Est. No. of Days | | Daily Rate | Est. Cost |
|  |  | |  |  |
| Reproduction | Est. No. of Pages | | Page Rate | Est. Cost |
|  |  | |  |  |
| Other (specify) | | | | $ |
| 1. | | | | $ |
| 2. | | | | $ |
| 3. | | | | $ |
| 4. | | | | $ |
| **5. Total Other Direct Costs** | | | | **$** |
| D. Subcontracts | | | | |
| Name of Subconractor(s) | Est. No. of Days | | Daily Rate | Est. Cost |
| 1. |  | |  |  |
| 2. |  | |  |  |
| **3. Total Subcontractor Costs** |  | |  |  |
| **Total Estimated Costs (Line A5+B+C5+D3)** | | | | **$** |
| Profit | | | | $ |
| **TOTAL PRICE** | | | | **$** |

**COST REVIEW**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1. Direct Labor (specify personnel by name) | |  | **Grantee** | **Vendor X** |
| **Personnel Name** | **Est. No. of Days** | **Daily Rate** | **Est. Cost** | **Proposal Cost** |
| 1. |  |  |  |  |
| 2. |  |  |  |  |
| 3. |  |  |  |  |
| 4. |  |  |  |  |
| **5. Total Direct Labor** |  |  |  |  |
| B. Overhead/Indirect Costs | Rate | Base | Est. Cost |  |
| C. Other Direct Costs | | | |  |
| Transportation | Est. # of site visits | Rate | Est. Cost |  |
|  |  |  |  |  |
| Per Diem | Est. No. of Days | Daily Rate | Est. Cost |  |
|  |  |  |  |  |
| Reproduction | Est. No. of Pages | Page Rate | Est. Cost |  |
|  |  |  |  |  |
| Other (specify) | | | $ |  |
| 1. | | | $ |  |
| 2. | | | $ |  |
| 3. | | | $ |  |
| 4. | | | $ |  |
| **5. Total Other Direct Costs** | | | **$** |  |
| D. Subcontracts | | | |  |
| Name of Subconractor(s) | Est. No. of Days | Daily Rate | Est. Cost |  |
| 1. |  |  |  |  |
| 2. |  |  |  |  |
| **3. Total Subcontractor Costs** |  |  |  |  |
| **Total Estimated Costs (Line A5+B+C5+D3)** | | | **$** |  |
| Profit | | | $ |  |
| **TOTAL PRICE** | | | **$** |  |

Is Proposal Cost in line with Estimated Cost ?

If not, is there a documented reason for higher costs ?

Reviewer

Date