



City of Phoenix
PUBLIC TRANSIT DEPARTMENT

**Independent Cost Estimate
Information Sheet
2 CFR 200.324**

An Independent Cost Estimate (ICE) is required for all Federal Transit Administration (FTA) funded procurements (exceeding the simplified acquisition threshold), including change orders and contract modifications, and serves as a benchmark for evaluating the reasonableness of a contractor's proposed costs or prices. The ICE must be completed before receiving bids or proposals and is part of the submission package to the City of Phoenix. The ICE will be used as a benchmark to evaluate the fairness and reasonableness of offers through the price or cost analysis conducted later. For change orders and contract modifications, any pricing that was not evaluated for the original offer will likewise require an ICE; however, any increases to pricing must have been contemplated and authorized under the terms of the original agreement (e.g. economic adjustment clause).

An ICE tells an agency what an item "should cost" based on recent (competitive) market prices. The ICE is crucial to the process of determining a fair and reasonable price.

- Estimates are prepared independently from vendor price offers (i.e., without the influence of persons who have a financial interest in, or will be considered for, the resulting award).
- Publicly published price lists are typically used for goods and equipment. Price lists or catalogues are a great source for determining a fair and reasonable price for off-the-shelf procurements such as technology, office supplies, and training. Price lists are often available online as well as printed advertisements.
- Recently invoiced price is typically used for goods/equipment or services. If the Subrecipient made a recent procurement for similar goods/equipment or services, the recent invoice may be used to determine fair and reasonable price as part of the ICE.
- Outreach/market survey is typically used for goods/equipment or services. If the requestor is unable to avail a published price list or recent procurement, or if the requestor would rather use another method, then that requestor may use contracts at other agencies so long as the Agency is of similar size and the purchase or project is of similar scope.

The City of Phoenix's Public Transit Department (PTD) has developed an ICE template that includes the required elements that cover both the federal requirements, and the aggregate spend thresholds that aid PTD in its review of subrecipient procurements.

Independent Cost Estimate Template

Agency letterhead

Introduction

Brief introductory statement and overview that provides for the project description, the contract action type (FFP, Cost Plus, etc.), and what service and/or commodity costs are being estimated.

Table (can be separate document if needed)

The ICE is a breakdown of all material or service costs for the full contract term, including all options, using a table wherever possible to illustrate prior historical rates, estimates, and/or breakdown of costs. If using previously competed procurements, cite the agency name, full contract term, including all options, and contract number. Compiling this information in a spreadsheet table with the company/agency name, date, contract number, quote or invoice number, etc. is highly recommended where reasonable. The table should be directly tied and aligned to the procurement price line items for the new solicitation, contract, and/or amendment, and in addition to the above, should minimally include the following, depending on the procurement:

- the use of published price lists
- historical pricing information from contracts awarded by the agency
- comparable purchases by other agencies
- engineering estimates
- independent third-party estimates (e.g., an A/E construction cost estimate)
- inflationary/deflationary projections (use PPI, BLS, etc., with tables to support projections)

Summary

- Brief narrative summarizing the analysis of the estimate and the pricing information gathered
- Explanation of assumptions made, including inflationary projections
- The aggregate estimate of all costs for the life of the contract

Author's name, signature and date