



Client Enrichment Series – Q & A



Topic: Cost Estimating and Cost Management Principles

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Cost Estimating Related Resources

- [GSA P-120 Policy](#) - PBS Cost and Schedule Management Policy Requirements (11/7/22)
https://www.gsa.gov/directives/files?file=2023-06%2FFinal%20Directive_PBS%20Cost%20and%20Schedul%20Management.pdf
- [ASTM International](#) - Construction Industry Standards
<https://www.astm.org/>

Client Enrichment Series

- [Client Enrichment Series](#) - Series homepage
<https://www.gsa.gov/ces>
- [Link to Cost Estimating session recording](#) - passcode: 25^UjiNP

Q1. What does RWA Stand for?

A. **Reimbursable Work Authorization.** An RWA is an Interagency Agreement establishing the formal agreement between your agency and GSA, and authorizes GSA to provide services and then be reimbursed for the costs plus applicable GSA fees. Examples of RWA projects and services include renovations, repairs, alterations and utility/cleaning services. These are managed via our customer-facing system, eRETA = external RWA Entry and Tracking Application. Learn more about [RWAs](#).

Q2. What is the difference between eRETA and Kahua?

A. eRETA is required for all federal customers to submit WRs (Work Requests) and RWAs. Kahua is GSAs project management collaboration system that tracks project execution (for both GSA funded projects and RWA funded projects). Learn more about [eRETA](#) and [Kahua](#).

Q3. What is the difference between an OUE and an SCE?

Client Enrichment Series – Q & A

A. An OUE is an Overtime Utilities Estimate - and is required for all severable services (overtime utilities, cleaning, preventative maintenance). An SCE is a Summary Cost Estimate and is required for project cost estimates (design, construction, move services, furniture, etc). SCEs can be found in eRETA, and will be provided to customers when projects reach the RWA Acceptance phase. An SCE rolls up all the costs from the government estimates and adds RWA fees for a final cost to our customer.

Q4. What is an IGE and who develops it?

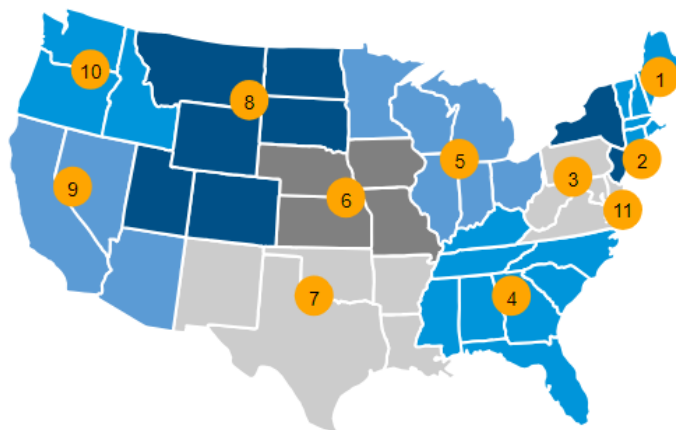
A. An IGE is an Independent Government Estimate and is defined in our [P120 Policy](#) as an unbiased cost estimate based upon the specifications, without the influence of a potential contractor’s marketing efforts or input. It can be completed by a government employee, but can also be completed by an outside source, and reviewed and accepted by a government employee. The IGE is generally prepared by either the Government’s own representatives, the Architectural and Engineering firm that prepared the design, or the Construction Manager as Advisor. Further, while all IGE’s are estimates, not all estimates are IGE’s. There are two times when an estimate is an IGE. One is when you are asking for money (Budgeting) and the other is when you are going to spend the money (Procurement). It is a good idea to revisit your Budget IGE prior to Procurement and update it to be a Procurement IGE.

Q5. What cost estimating program does GSA use for IGEs?

A. The [NCMT](#) (National Cost Management Toolbox) is a program used to develop IGEs. It contains the Parametric Estimating Tool and the Definitive Estimating System modules. This tool is based on historical data from our Cost Studies.

Q6. Who can we contact to review an estimate if we feel it is overstated?

A. Each region in GSA has a Cost Advocate to coordinate with for costs reviews. They should coordinate assistance from their Regions in supporting/addressing your concerns. See the table below for the contacts in your servicing PBS Region:





Client Enrichment Series – Q & A

Region	Name	Phone	Email
1	Chris Pless	570-575-8178	christopher.pless@gsa.gov
2	Jon Jadrosich	212-419-9817	jon.jadrosich@gsa.gov
3	Caraline Murphy	757-802-2050	caraline.murphy@gsa.gov
4	Chima Ogbonna	404-783-17	chima.ogbonna@gsa.gov
5	Mark Mobley	414-217-6414	mark.mobley@gsa.gov
6	Allen Faught	816-216-3410	allen.faught@gsa.gov
7	Danny Hinton	682-206-5647	danny.hinton@gsa.gov
8	Michelle Hotaling	303-889-9952	michelle.hotaling@gsa.gov
9	Derek Cho	916-384-0529	yatsun.cho@gsa.gov
10	Aaron Botenhagen	509-216-4499	aaron.botenhagen@gsa.gov
11	Bruce Isaachsen	202-570-2733	bruce.isaachsen@gsa.gov



Q7. Do you have a general process flow on how we coordinate?

A. You can discuss this with your Project Manager or [Client Representative](#)

Q8. What is the contingency percentage for GSA projects?

A. Contingencies should be determined by the level of Risk in a Project. Currently GSA uses 7% for new Capital Construction and 10% for R&A work. This might change in the future if we successfully deploy a Risk Based Contingency Model.

Q9. Should a contingency be factored in for increases in cost of labor if an RWA isn't accepted within 30 days? Factoring in a contingency for an anticipated increase in the estimate avoids going back and forth to request additional funding from the customer.

A. It is important to calibrate the estimate as required to account for market conditions, and communicate with our customers on why we increased the estimates. We recommend steering away from blanket percentages and moving towards a market study approach.

Q10. How do we determine and measure the required capacity of professionals to initiate, execute, strategize future performance of the technology and processes needed for attaining the scope of work (SOW)?

A. Every agency should align the resources that will effectively deliver the project deliverables in a complete yet effective way. It is expected that customer agencies identify the individuals/stakeholders that will assist in developing the SOW. From GSA's



Client Enrichment Series – Q & A

side, the PM is responsible for analyzing which Subject Matter Experts are required to assist the customer request and better define the customer scope.

Q11. Does GSA consider TI (Tenant Improvement) and Shell allocations early on in the construction estimating process? What information do we need to provide GSA to get a ROM (Rough Order of Magnitude estimate)?

A. GSA breaks out the anticipated TI costs vs the Core Shell and Building Security costs in our early parametric ROM estimates. The estimator can use a square footage cost approach to provide a parametric cost with TI cost breakouts for budgeting funds. More information you have the more helpful it is to get a better estimate. A square footage of space and location (generally) is a good start, if you have information on existing space (if applicable) that will help too.

Q12. Will GSA provide a template or templates for specific industry standard SOWs?

A. GSA uses industry standards from [AACE](#) to generate our Cost Estimates. We do have GSA generated SOW templates we use internally to draft the Statement/Scope of Works. ASTM has Industry Standard Scope of Works available to use on their website: <https://www.astm.org/>

Q13. Is there a GSA template for cost estimating that divides line items that are typically Core & Shell versus TI? We are receiving estimates from the A&E (Architecture and Engineering) firm that include both, and it's difficult to ascertain what amount we should place on the spend plan for the RWA once the estimate is finalized. Is there a template that breaks out Core and Shell items?

A. A review of [GSA's Pricing Desk Guide](#) will assist in this process. You can find past CES presentations on this topic and other resources here: <https://www.gsa.gov/about-us/events-and-training/gsa-training-programs/training-for-federal-employees/client-enrichment-series>

Q14. What can be done to avoid a discrepancy between the Estimate Cost / Budget and the contractor bid?

A. I would make sure my estimate is calibrated with current market conditions, and make sure the escalation matches the market realities. It is also helpful for the estimator and PM to review the SCE against the project scope to ensure all customer requirements are included within the estimate.

Q15. RWA Managers are submitting a lot of amendments because the GSA estimate is short of the market bid. Do the estimate margins in the SCE account for the project market location?

A. There is always a detailed estimate that is used to populate the summary cost estimate (SCE). GSAs standard detailed estimates do have locality rate adjustments, however the estimate itself is also supposed to be escalated to the current market rate, pinned to the midpoint of construction. If RWAs are funded a long time after the estimate was created,



Client Enrichment Series – Q & A

the estimate may not be as accurate and would require adjustment before accepting the RWA.

Q16. Who pays for discrepancies in tenant projects?

A. Discrepancy is very vague, but ultimately the customer is responsible to pay for all of the project work and services they receive. Estimates are just that, and thus actual costs may exceed the estimates. We encourage customers to work with their GSA Project Teams to ensure there are no surprises.

Q17. Can the RWA be amended if there is a difference from the GSA estimate and the A&E's estimate? Which one would be correct?

A. The RWA can be adjusted. The two estimates should be reconciled. The team should understand where the differences are and account for the applicable costs discovered through the process.

Q18. Question on Change Events (CE) and contractor proposals: I've had contractors send proposals with materials listed "lump sum" making a technical review difficult when comparing to an IGE that breaks out individual line items for material and labor. What recommendations do you have to lessen this type of issue? Can the CE procedures be spelled out in the SOW stating how contractors should organize their proposal?

A. This is a common issue. But having the scope spell out the level of detail required for the contractor's proposal helps.

Q19. What is the best way to manage risk of a customer with one year funding providing too large an RWA (at the order of magnitude phase) and having unused funds because of budget refinement and/or the project timing did not allow obligating funds during the availability period? If an unused or underused RWA is returned to a customer with one year funding, they lose the unused funding forever.

A. This is actually a myth. The customer does not "lose the funding". The agency is able to utilize the funds towards cost overruns (antecedent liabilities) on other projects funded in that FY. Ultimately, it is incumbent upon the customer agency to understand their appropriations and what funds can be used and when, so we return them and allow the customer to do just that. Additionally, the funds go back to the customer agency, not necessarily the same division, bureau, etc.

Q20. Why does GSA require all funding up front if supply chain issues can create additional funding requirements.?

A. GSA requires full funding up front as we are committing the government. It is against appropriations law to enter into a project without full funding in place.

Q21. What resources can be used by clients to help with ROM for budgeting purposes and resources for market research?



Client Enrichment Series – Q & A

A. Your GSA Point of Contact in Leasing/Portfolio should point your request to the right resources to assist you.

Q22. Is there a separate training session on the various components of a GSA Cost Estimate? How much is typical General Conditions? RWA M&I Fee? Bond? OH & Profit? Security Burden? What is a line item called Profit/Risk/Fee on a cost estimate provided from a vendor?

A. We can have a future session on the [P120](#) and how our GSA Cost Breakdown Structure is configured.

Q23. What are the differences between cost estimating requirements-based vs. performance-based SOWs?

A. At this time we do not have that topic in our agenda, but please put yourself in contact and we can network you to the correct resources.

Q24. Are you seeing the total cost of construction savings with a design/build delivery?

A. It is like throwing a dart. My experience is that I've seen it both ways. If the Program of Requirements is not drafted properly, it is equally as problematic as a contractor missing the hard bid.

Q25. If you are developing a multi-agency cost estimate (world event, recovery, war support, tornado/hurricane, etc.) is the estimate handled differently, if so, how? Is there a lead agency or does everyone have equal portions of the funding? Who would fund what portion based on agency specific or higher-level funding?

A. Our [P120 policy](#) mandates that estimates be done separately based on agency and location. The best configuration of multiple agency estimates will be to separate every scope so that every portion receives the adequate evaluation and cost breakdown structure. A summary estimate can be created merging the separate estimates. Then, after all the estimates are separated, funding can be sliced and diced in the correct funding buckets. If GSA is leading the effort, GSA leads the estimate and possible consolidation efforts if agencies pursue different estimating vehicles outside of GSA.

Q26. With excess space inventory in the federal arena, is there a slowing of federal agencies requesting new space?

A. We are indeed seeing a reduction in new space requests, but we are seeing an increase in space optimization projects.