



City of Sonora

Community Development Department
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MEMORANDUM

DATE: October 15, 2018
TO: Honorable Mayor and Council Members
FROM: Rachelle Kellogg, Community Development Director
SUBJECT: Contract Award – Red Church Pedestrian & Circulation Improvement Project

RECOMMENDATION:

City staff recommends that the City Council approve the following:

- 1) Resolution No. 10-15-2018-A, awarding the engineering services contract for the Red Church Pedestrian & Circulation Improvement Project to Willdan Engineering and authorizing the City Administrator to execute all agreements and documents related to the project.

BACKGROUND:

The City issued a Request for Proposal (RFP) for the project's design engineering services on July 13, 2018. The scope of services in the RFP included engineering, field survey work, landscape and electrical design services and public outreach to result in contract documents (plans, specifications and estimated cost) for the project. It was sent directly, by email, to 61 firms and two consultant network service providers who distributed the information to their consultant networks. The Notice of Availability for the RFP was published in the Union Democrat, The Record, and Modesto Bee as well as posted to the City's website and at City Hall. The submittal deadline for proposals was Friday, August 17, 2018. The City received 2 proposals for the project from Willdan Engineering and Kimley-Horn & Associates.

DISCUSSION:

Staff reviewed each proposal for responsiveness, completeness and approach to the project. Staff also completed reference checks for both firms. A phone interview was then conducted with each firm to discuss their approach to the project, tasks/deliverables, assigned key personnel, project schedule and cost proposals. Revisions to their scope of services and costs was also discussed and after which both firms submitted a revised Scope of Services and Cost Proposal. Staff then completed a final evaluation of the proposals, including revised submittals, based on the following:

- Understanding of the work to be done
- Quality assigned staff and experience with similar kinds of work
- Cost proposal
- Demonstrated technical ability

- Familiarity with state regulations and procedures
- Financial responsibility

Based on this evaluation, staff is recommending that Willdan Engineering be selected as the consultant to provide engineering services for the project. Willdan Engineering was found to be qualified to perform the services required, under the project schedule, and that the assigned staff is fully aware of all applicable state laws, regulations, design standards and specifications that are required to complete the project, at a fair and reasonable cost. Under the agreement, engineering services are to be fully completed on or before April 16, 2019.

Willdan Engineering's final Scope of Services to be provided is included as Attachment A and their final Cost Proposal, totaling \$104,824.71, is included as Attachment B. Funding for the project's engineering services includes \$67,000 through the Active Transportation Program, \$20,000 from the Tuolumne County Transportation Council and \$17,824.71 from the City's reserve funds.

Resolution Number: 10-15-2018-A

A RESOLUTION OF THE CITY COUNCIL AWARDING THE ENGINEERING SERVICES CONTRACT FOR THE RED CHURCH PEDESTRIAN & CIRCULATION IMPROVEMENT PROJECT TO WILLDAN ENGINEERING AND AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE ALL AGREEMENTS AND DOCUMENTS RELATED TO THE PROJECT

WHEREAS, the City of Sonora is a recipient of state funding under the Active Transportation Program for the Red Church Pedestrian & Circulation Improvement Project; and

WHEREAS, the City has issued a Request for Proposal (RFP) for project engineering services and received two proposals from, Willdan Engineering and Kimley-Horn and Associates, Inc.; and

WHEREAS, both proposals were evaluated by the City's Contract Administrator who has determined that Willdan Engineering is qualified to perform the services required and that the assigned staff is fully aware of all applicable state laws, regulations, design standards and specifications that are required to complete the project; and

WHEREAS, the City's Contract Administrator has also reviewed the consultant's cost proposals and has completed negotiations; and

WHEREAS, the City has complied with all of the A&E procurement requirements included within Chapter 10 of the Caltrans' Local Assistance Procedural Manual;

NOW, THEREFORE, BE IT RESOLVED THAT THE SONORA CITY COUNCIL HEREBY awards the engineering services contract for the Red Church Pedestrian & Circulation Improvement Project to Willdan Engineering and authorizes the City Administrator to execute all agreements and documents related to the project.

PASSED, APPROVED AND ADOPTED as a Resolution by the Sonora City Council at a meeting held by the City Council on the 15th day of October 2018, by the following vote:

AYES:

NOES:

ABSENT:

Dated: October 15, 2018

James M. Garaventa, Mayor

ATTEST:

Marijane Cassinetto, City Clerk

ATTACHMENT A
Scope of Services

4. Management Plan and Technical Approach (Revised 9/24/18)

Willdan utilizes a unified management approach where each project is undertaken by a project team. Each project is assigned to a senior staff member with the background, experience, and availability best suited for the assignment. For this project Mr. Peter Rei will serve as Project Manager,

During design and construction, Willdan will coordinate with City and Caltrans staff as required to apprise them of the project schedule and details of the proposed improvements. Except for geotechnical services, Willdan will perform all scoped services with in-house staff.

Willdan will meet with the City to discuss and obtain all project requirements and gain a complete understanding of the City's project intent and affected residents and business desires and needs. Understanding the importance of completing the project on time and within budget, our team's approach is to sequence the major steps in the most time-efficient manner. The major steps for sequencing are:

- **Data Collection and Preparation of Base Map.** Having a comprehensive and accurate base map is critical to developing design alternatives that address potential utility conflicts. Our team will review all existing survey information provided by the City. If necessary, Willdan will perform additional ground topographic surveys to augment existing survey information in order to complete the base map and final design use for each intersection. Prompt utility requests will be made to obtain necessary information regarding buried and overhead facilities. Other record improvement drawings and field observations will make up the remainder of the resources used to compile the base mapping.
- **Utility Coordination and Relocation.** Our strategy to expedite utility coordination and relocation is to proactively coordinate with the utility companies early and frequently throughout the process. Our emphasis – once we have the identified facility locations – will be to continue our communications with the utility companies to define necessary relocations or eliminate their need to make changes in existing facilities.
- **Geotechnical.** Willdan will complete laboratory testing to support the preparation of the geotechnical report. The planned field exploration will include six (6) test borings. The borings are anticipated to be at a minimum 5-foot deep from roadway surface. Laboratory testing will be performed to determine the R-value of the subgrade soils and a pavement structural section will be recommended based on the findings. The information will be documented and summarized in a Pavement Design report, prepared by Condor, which will be used to prepare the design of the structural section for the redesigned roadway, sidewalk and other improvements.
- **Coordination with Caltrans.** Willdan will coordinate directly with Caltrans District 10 to secure an Encroachment Permit for the project, Willdan will submit to Caltrans the encroachment permit package including the six (6) plan sets. Willdan will incorporate the comments provided by Caltrans permit staff and resubmit to Caltrans for approval.
- **Public Outreach.** Willdan will present the preliminary design at the 35% level at a public meeting to receive public input and direction from the City Council. A second public meeting will be held at the 60% design level to again receive public input and direction from the City Council. The final public meeting will be held with the City Council to approve the final plans, specifications and engineers estimate of construction costs.
- **Final Design and PS&E.** We will begin final design plans, specifications, and construction estimates as soon as the City concurs with the preliminary investigation findings.

8. Approach and Methodology (Revised 9/24/18)

The Consultant's scope of services for the project shall include, but are not limited to, the following:

1. Willdan staff will contact all utility providers and research any existing records that may be available. After review of all available utility information Willdan staff will field verify the location of all utilities and coordinate the proposed improvements with existing field conditions. If there are any utility conflicts that are discovered Willdan

City of Sonora

- staff will coordinate with the City and all utilities involved to work toward mutually acceptable solutions to relocate any utilities.
2. Willdan staff will conduct field topographic surveys to locate all existing improvements within the area of the proposed project. The field located information will be input into an AutoCad 3D drawing file. All proposed improvements will be created in the same AutoCad 3D drawing using the existing field conditions as the base mapping for the project. Items that will be included in the drawing file are existing conditions, including but not limited to signs, traffic striping/markings, curbs, gutters, street lights, storm drains, parking markings and any other improvements that may exist. All existing structures (fence, mailboxes, etc.) on private property that might interfere with construction will also be shown and identified.
 3. Willdan staff will coordinate and conduct the Field Review meeting per Caltrans Local Assistance requirements and will ensure that all appropriate stakeholders are included.
 4. A pavement investigation prepared by a Condor Earth Technologies will be prepared to include recommendations for subgrade preparation, pipe bedding, compaction requirements, slope stability, drainage, soil corrosivity, structural section and other pertinent geotechnical consideration. Willdan and Condor Earth Technologies will coordinate with the City and Caltrans to obtain any required encroachment permits.
 5. Willdan staff will research all existing recorded information that depicts existing City and State right-of-way along Washington Street (Highway 49), Snell Street and Elkin Street. The results of this research will be used to verify that all proposed improvements are located within publicly owned right-of-way. All existing property corners will be searched for and pre-construction Corner Records will be prepared for each property corner per Government Code Section 8711. These property corners will be analyzed to determine the existing City and state right-of-way within the project boundary and ensure that all proposed improvements are located within existing public right-of-way.
 6. Design level base mapping for the project site will be prepared in US Customary English units by a California Licensed Land Surveyor (Mr. Peter Rei) in accordance with standard practices and in Computer Aided Design and Drafting (CADD) format at a scale of 1 inch equals 40 feet. The horizontal and vertical datums will be consistent with the California Spatial Reference Network.
 7. Any hand annotated survey field notes will be neatly completed in pencil and shall become property of the City upon completion of the project. However, it is expected that most field topographic information will be collected electronically. All electronic survey files will also be made available to the City upon request.
 8. Field marking of any areas requiring of existing sidewalk, curb and gutter proposed for removal will be coordinated with, and approved by, City staff.
 9. Willdan staff will obtain all required encroachment permits from Caltrans and the City of Sonora.
 10. Willdan will prepare one conceptual level drawing of the proposed design with sufficient detail for use during public outreach meetings to gain public input, review, and comment.
 11. Willdan staff will prepare preliminary plans at the 35% level to the City and Caltrans for review. The 35% plans will be consistent with all City and Caltrans Local Assistance Program policies, and procedures. The 35% plans will show all field located existing improvements including, but not limited to all existing roadway approaches, edges of pavement, drainage facilities, utilities, and City/State right-of-way as well as all adjacent property lines, assessor's parcel numbers and owner's information.
 12. The 35% plans and all subsequent plan submittals will include, as applicable, the following:
 - a. Title/Cover Sheet
 - b. Survey Base Map including Right of Way
 - c. One Concept Level Improvement Plan and Profile Sheets for Roadway and Drainage at 1"=40'
 - d. Detail Sheet showing Construction Details and Typical Roadway Cross Sections
 - e. Demolition Plan

- f. Staging Plan/Detour Plan
 - g. Traffic Signing and Striping Plan
 - h. Retaining Wall Plans, Details, and Typical Sections
 - i. Construction Area Sign Plan
 - j. Landscape/Hardscape Plan
 - k. Irrigation Plan
 - l. Planting Plan
 - m. Electrical Plan
 - n. Draft Stormwater Pollution Control Plan and Details
 - o. Utility Plan and Details
 - p. Design support calculations (CAD file)
 - q. Quantity support calculations (CAD file)
 - r. Engineers Estimate of Construction Cost
13. Upon approval of the 35% plans by the City and Caltrans, Willdan staff will prepare a preliminary construction cost estimate for review by Caltrans and City of Sonora staff, and at the 35% Public meeting in front of the City Council.
 14. Following approval of the 35% plans by the City and Caltrans, Willdan staff will prepare a set of plans at the 60% level to the City and Caltrans for review. The 60% Plans will include any options/alternatives to the City and Caltrans so that decisions can be made before proceeding with the 90% plan submittal.
 15. Upon approval of the 60% plans by the City and Caltrans, Willdan staff will update the preliminary construction cost estimate for review by Caltrans and City of Sonora staff and the 60% Public meeting in front of the City Council.
 16. Following approval of the 60% plans by the City and Caltrans, Willdan staff will prepare a set of plans and specifications at the 90% level to the City and Caltrans for review. The 90% Plans will incorporate all the features of the preferred alternative.
 17. Following approval of the 90% plans by City and Caltrans, Willdan staff will update the preliminary construction cost estimate for review by Caltrans and City of Sonora staff and will prepare the 100% plans, specifications and engineers estimate for presentation to the City Council for approval. The 100% ready-for-bidding plans and specifications will be wet signed and sealed by the Registered Civil Engineer in responsible charge of the project. These signed originals will then become property of the City.
 18. Specifications will include the number of recommended working days to complete, any traffic lane restrictions, provisions for measurement/payment of all bid items and any other provisions that will support construction delivery of the project. Specifications will include Caltrans required Standard Special Provisions and will be prepared in Microsoft Word. An electronic copy of the final version shall be furnished to the City. It is Willdan's understanding that the front end boiler plate documents will be provided by the City and updated by Willdan to assure compliance with all State and Federal requirements.
 19. All construction estimates will include contacting product manufacturers to confirm prices of products to be used in the construction of the project, and analysis of recent bid prices from similar projects in the Central California area to verify the engineer's estimate.
 20. Following approval of the final plans, specifications and engineers estimate by the City Council, Willdan will provide the City an electronic copy of the final approved plans and specifications, 3 sets (24"x36") and one (11 "x 17") copy of the final approved/stamped plans and 3 hard copies of the final approved specifications to be used for the bidding process.
 21. If requested by the City a proposal for construction management of the project by Willdan staff will be prepared and submitted to the City for review.

City of Sonora

22. Public outreach information will be developed by the Willdan and provided to City staff who will be responsible for obtaining recipients' addresses, mailings, posting to City website, and notifying the media.
23. Willdan staff will attend the following meetings:
 - A public meeting in front of the City Council to receive public comment on the 35% concept design and preliminary base plans
 - A public meeting in front of the City Council to receive public comment on the 60% plans
 - The final public meeting during the presentation to the City Council of the final plans and specifications.
 - A minimum of four (4) in person meetings with City staff in addition to presentation to the City Council. The first in-person meeting will be the project's Kickoff Meeting.
24. Throughout the design process Willdan staff will coordinate plan check, design topics, permits and any other issues with the City, all affected other Agencies, and all utility companies as required to complete the plans, specifications and engineers estimates for the project. In addition, Willdan will function as the liaison throughout the design process with all affected agencies, including the City and Caltrans.
25. Following approval by the City Council Willdan staff will work closely with City staff to prepare a Request for Authorization to Caltrans to advance to the project to the construction phase. Willdan will insure that the Request for Authorization process will follow all of the procedures outlined in the Caltrans Local Assistance Procedures Manual and complete the PS&E Checklist (Exhibit 12-D).
26. Following successful submittal of the Request for Authorization for construction the engineering services contract will be completed.

Bidding/Construction Support Services:

Consultant support services during the bidding and construction phase of the project, if requested by the City, will be provided under a separate agreement.

Project Milestones:

The project milestones to be used for scheduling and budgeting purposes are as follows:

- 1) Completion of the concept design and preliminary base plans (35%) for the project design
- 2) Completion of the 90% PS&E
- 3) Completion of 100% PS&E
- 4) Approval of the 100% Construction Bid Documents by the City Council
- 5) Submittal of the Request for Authorization for Construction to Caltrans

ATTACHMENT B

Cost Proposal

City of Sonora - Red Church Pedestrian & Circulation Improvement Project

Cost Proposal

EXHIBIT 10-H COST PROPOSAL (EXAMPLE #1) PAGE 1 OF 2
ACTUAL COST-PLUS-FIXED FEE OR LUMP SUM (FIRM FIXED PRICE) CONTRACTS
 (DESIGN, ENGINEERING AND ENVIRONMENTAL STUDIES)

Consultant Willdan Engineering

Date 9/25/2018

DIRECT LABOR

Classification/Title	Name	Hours	Actual Hourly Rate	Total
Director of Engineering	[REDACTED]	12	\$75.00	\$900.00
Deputy Director of	[REDACTED]	116	\$70.86	\$8,219.76
Principal Project Manager	[REDACTED]	12	\$63.83	\$765.96
Project Manager III	[REDACTED]	0	\$73.16	\$0.00
Assistant Engineer III	[REDACTED]	54	\$33.16	\$1,790.64
Sr. Landscape Architect	[REDACTED]	38	\$38.58	\$1,466.04
Designer II	[REDACTED]	52	\$41.75	\$2,171.00

LABOR COSTS

a) Subtotal Direct Labor Costs	\$15,313.40
b) Anticipated Salary Increases (see page 2 for sample)	\$267.98
c) TOTAL DIRECT LABOR COSTS [(a) + (b)]	\$15,581.38

FRINGE BENEFITS

d) Fringe Benefits (R <u>40.09%</u>)	I Fringe Benefits
	[(c) x (d)] <u>\$6,246.58</u>

INDIRECT COSTS

f) Overhead (Rate: <u>87.65%</u>)	Overhead [(c) x (f)]	<u>\$13,657.08</u>
h) General and Administrative (Rate: <u>0.00%</u>)	Admin [(c) x (h)]	<u>\$0.00</u>
j) Total Indirect Costs [(e) + (g) + (i)]		\$19,903.66

FEE (Profit)

q) (Rate: <u>14.00%</u>)	k) TOTAL FIXED PROFIT [(c) + (j)] x (q)	\$4,967.91
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OTHER DIRECT COSTS (ODC)

Description	Unit	Unit Cost	Total
l) Travel/Mileage Costs (supported by consultant actual costs)		\$1,195.00	\$1,195.00
m) Equipment Rental and Supplies (itemize)		\$0.00	\$0.00
n) Permit Fees (itemize), Plan sheets (each), Test Holes (each), etc.		\$0.00	\$0.00
o) Subconsultant Costs			
Willdan Engineering - Public Agency Resources**		\$35,456.78	\$35,456.78
Condor		\$27,719.98	\$27,719.98
p) Total Other Direct Costs [(l) + (m) + (n) + (o)]			\$64,371.76
TOTAL COST [(c) + (j) + (k) + (p)]			\$104,824.71

NOTES:

- Employees subject to prevailing wage requirements to be marked with an *.
 - ODC items should be based on actual costs and supported by historical data and other documentation.
 - ODC items that would be considered "tools of the trade" are not reimbursable.
 - ODC items should be consistently billed directly to all clients, not just when client will pay for them as a direct cost.
- ** A Willdan subsidiary company

EXHIBIT 10-H COST PROPOSAL (EXAMPLE #1) PAGE 2 OF 2
ACTUAL COST-PLUS-FIXED FEE OR LUMP SUM (FIRM FIXED PRICE) CONTRACTS
 (SAMPLE CALCULATIONS FOR ANTICIPATED SALARY INCREASES)

Consultan Willdan Engineering

Date 9/25/2018

1. Calculate Average Hourly Rate for 1st year of the contract (Direct Labor Subtotal divided by 43368)

Direct Labor <u>Subtotal</u> per Cost Proposal	Total Hours per Cost	=	Avg Hourly Rate	5 Year Contract Duration
\$15,313.40	284	=	\$53.92	Year 1 Avg Hourly Rate

2. Calculate hourly rate for all years (Increase the Average Hourly Rate for a year by proposed %)

	Avg Hourly Rate		Proposed		
Year 1	\$53.92	+	4%	=	\$55.81
Year 2	\$55.81	+	4%	=	\$57.76
Year 3		+	4%	=	\$0.00
Year 4		+	4%	=	\$0.00
					Year 2 Avg Hourly Rate
					Year 3 Avg Hourly Rate
					Year 4 Avg Hourly Rate
					Year 5 Avg Hourly Rate

3. Calculate estimated hours per year (Multiply estimate % each year by total hours)

	Estimated % Completed Each Year		Total Hours per Cost Proposal		Total Hours per Year	
Year 1	50.00%	*	284.0	=	142.0	Estimated Hours Year 1
Year 2	50.00%	*	284.0	=	142.0	Estimated Hours Year 2
Year 3		*	284.0	=	0.0	Estimated Hours Year 3
Year 4		*	284.0	=	0.0	Estimated Hours Year 4
Year 5		*	284.0	=	0.0	Estimated Hours Year 5
Total	100%		Total	=	284.0	

4. Calculate Total Costs including Escalation (Multiply Average Hourly Rate by the number of hours)

	Avg Hourly Rate (calculated above)		Estimated hours (calculated)		Cost per Year	
Year 1	\$53.92	*	142	=	\$7,656.70	Estimated Hours Year 1
Year 2	\$55.81	*	142	=	\$7,924.68	Estimated Hours Year 2
Year 3		*		=		Estimated Hours Year 3
Year 4		*		=		Estimated Hours Year 4
Year 5		*		=		Estimated Hours Year 5
	Total Direct Labor Cost with Escalation			=	\$15,581.38	
	Direct Labor Subtotal before Escalation			=	\$15,313.40	
	Estimated total of Direct Labor Salary Increase			=	\$267.98	Transfer to Page 1

NOTES:

- This is not the only way to estimate salary increases. Other methods will be accepted if they clearly indicate the % increase, the # of years of the contract, and a breakdown of the labor to be performed each year.
- An estimation that is based on direct labor multiplied by salary increase % multiplied by the # of years is not acceptable. (i.e. \$250,000 x 2% x 5 yrs = \$25,000 is not an acceptable methodology)
- This assumes that one year will be worked at the rate on the cost proposal before salary increases are granted.

City of Sonora - Red Church Pedestrian & Circulation Improvement Project

Cost Proposal

EXHIBIT 10-H COST PROPOSAL (EXAMPLE #1) PAGE 1 OF 2
ACTUAL COST-PLUS-FIXED FEE OR LUMP SUM (FIRM FIXED PRICE) CONTRACTS
 (DESIGN, ENGINEERING AND ENVIRONMENTAL STUDIES)

Note: Mark-ups are Not Allowed

Consultant Willdan Engineering - Public Agency Resources Contract No. _____

Date 9/24/2018

DIRECT LABOR

Classification/Title	Name	Hours	Actual Hourly Rate	Total
Senior Engineer III	[REDACTED]	255	\$68.00	\$17,340.00
Principal Planner	[REDACTED]	0	\$80.00	\$0.00
Supervising Engineer	[REDACTED]	58	\$62.00	\$3,596.00
Principal Engineer	[REDACTED]	25	\$120.00	\$3,000.00
				\$0.00
				\$0.00

LABOR COSTS

338

a) Subtotal Direct Labor Costs

\$23,936.00

b) Anticipated Salary Increases (see page 2 for sample)

\$0.00

c) TOTAL DIRECT LABOR COSTS [(a) + (b)] \$23,936.00

FRINGE BENEFITS

d) Fringe Benefits (Rate 9.53%)

e) Total Fringe Benefits

[(c) x (d)] \$2,281.10

INDIRECT COSTS

f) Overhead (Rate: 20.41%)

g) Overhead [(c) x (f)] \$4,885.34

h) General and Administrative (Rate: _____)

i) Gen & Admin [(c) x (h)] \$0.00

j) Total Indirect Costs [(e) + (g) + (i)] \$7,166.44

FEE (Profit)

q) (Rate: 14.00%)

k) TOTAL FIXED PROFIT [(c) + (j) x (q)] \$4,354.34

OTHER DIRECT COSTS (ODC)

Description	Unit(s)	Unit Cost	Total
l) Travel/Mileage Costs (supported by consultant actual costs)		\$0.00	\$0.00
m) Equipment Rental and Supplies (itemize)		\$0.00	\$0.00
n) Permit Fees (itemize), Plan sheets (each), Test Holes (each), etc.		\$0.00	\$0.00
o) Subconsultant Costs (attach detailed cost proposal in same format as prime consultant estimate for each subconsultant)		\$0.00	\$0.00
p) Total Other Direct Costs [(l) + (m) + (n) + (o)]			<u>\$0.00</u>

TOTAL COST [(c) + (j) + (k) + (p)] \$35,456.78

NOTES:

- Employees subject to prevailing wage requirements to be marked with an *.
- ODC items should be based on actual costs and supported by historical data and other documentation.
- ODC items that would be considered "tools of the trade" are not reimbursable.
- ODC items should be consistently billed directly to all clients, not just when client will pay for them as a direct cost.
- ODC items when incurred for the same purpose, in like circumstances, should not be included in any indirect cost pool or in overhead rate.

EXHIBIT 10-H COST PROPOSAL (EXAMPLE #1) PAGE 2 OF 2
ACTUAL COST-PLUS-FIXED FEE OR LUMP SUM (FIRM FIXED PRICE) CONTRACTS
 (SAMPLE CALCULATIONS FOR ANTICIPATED SALARY INCREASES)

Consultant Willdan Engineering - Public Agency Resources Contract No. _____ Date 9/24/2018

1. Calculate Average Hourly Rate for 1st year of the contract (Direct Labor Subtotal divided by total hours) 9/24/2018

Direct Labor <u>Subtotal</u> per Cost Proposal \$23,936.00	Total Hours per Cost Proposal 338	=	Avg Hourly Rate \$70.82	5 Year Contract Duration Year 1 Avg Hourly Rate
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2. Calculate hourly rate for all years (Increase the Average Hourly Rate for a year by proposed escalation %)

	Avg Hourly Rate		Proposed Escalation			
Year 1	\$70.82	+	2%	=	\$72.23	Year 2 Avg Hourly Rate
Year 2		+	2%	=	\$0.00	Year 3 Avg Hourly Rate
Year 3		+	2%	=	\$0.00	Year 4 Avg Hourly Rate
Year 4		+	2%	=	\$0.00	Year 5 Avg Hourly Rate

3. Calculate estimated hours per year (Multiply estimate % each year by total hours)

	Estimated % Completed Each Year		Total Hours per Cost Proposal		Total Hours per Year	
Year 1	100.00%	*	338.0	=	338.0	Estimated Hours Year 1
Year 2		*		=	0.0	Estimated Hours Year 2
Year 3		*		=	0.0	Estimated Hours Year 3
Year 4		*		=	0.0	Estimated Hours Year 4
Year 5		*		=	0.0	Estimated Hours Year 5
Total	100%		Total	=	338.0	

4. Calculate Total Costs including Escalation (Multiply Average Hourly Rate by the number of hours)

	Avg Hourly Rate (calculated above)		Estimated hours (calculated above)		Cost per Year	
Year 1	\$70.82	*	338	=	\$23,936.00	Estimated Hours Year 1
Year 2		*		=		Estimated Hours Year 2
Year 3		*		=		Estimated Hours Year 3
Year 4		*		=		Estimated Hours Year 4
Year 5		*		=		Estimated Hours Year 5
	Total Direct Labor Cost with Escalation			=	\$23,936.00	
	Direct Labor Subtotal before Escalation			=	\$23,936.00	
	Estimated total of Direct Labor Salary Increase			=	\$0.00	Transfer to Page 1

NOTES:

- This is not the only way to estimate salary increases. Other methods will be accepted if they clearly indicate the % increase, the # of years of the contract, and a breakdown of the labor to be performed each year.
- An estimation that is based on direct labor multiplied by salary increase % multiplied by the # of years is not acceptable. (i.e. \$250,000 x 2% x 5 yrs = \$25,000 is not an acceptable methodology)
- This assumes that one year will be worked at the rate on the cost proposal before salary increases are granted.