Obtaining cost-effective and realistic budget values for an application and/or award – restoration project focus

Purpose of this Document

The Trust fields many questions from applicants and awardees about how to attain cost-effective and realistic budget values for applications and/or awards. This document provides guidance for how to do this.

Overview

There is a need to obtain both cost-effective and realistic budget values for your application/award. We need cost-effective budgets to support as many projects as possible with the available funding for each program. We need realistic application budgets so that if awarded the project can be implemented as proposed. As a funding organization, the Chesapeake Bay Trust (the Trust),

By "restoration work" we are referring to stormwater retrofits (most common), tree planting, invasive species removal, meadow creation, or other restoration efforts.

sees many budgets during the application phase and has experience managing the awarded projects, including reviewing outcomes/deliverables and the financial back-up documentation to support each of the budget line items. In our experience, obtaining multiple estimates for proposed restoration work allows us to best gauge how much this work will cost and to select a contractor who can perform the work successfully and cost-effectively. In addition, some award programs involving federal funds will <u>require</u> multiple estimates to be obtained. An alternative to obtaining multiple cost

Multiple estimates: obtain three or more price estimates/quotes for the work

Release a Request for Proposals (RFP): a solicitation inviting proposals from vendors who believe they can provide the products and/or services you need.

estimates is to prepare a Request for Proposals (RFP) that outlines the scope of work and is advertised widely; then, the applications are assessed, and a contractor may be selected for the work.

There are many factors that impact the costs of restoration goods and services, such as project type/scale, project location, site constraints, contractor ability, contractor willingness, timing/market values, competition for the work, project owner (you/your) ability/knowledge, and other factors. Therefore, you need a budget for your application or award that is realistic to use for your budget line item (category of contractor) in the Financial Management Spreadsheet. The consequences of budget line item(s) being too low or too high are as follows:

1) If your project is awarded and your budget was too low, there is a risk that the project may be delayed (causing you more time and effort), the scope and outcomes are reduced or unattainable, and/or the project is not completed/implemented.
2) If your project is awarded and your budget was too high, there is a risk that we all lost cost-effectiveness (opportunity to do more work was lost).
3) If the project budget was too high, there is a risk that the project may not be funded because the review committee determined it was not cost-effective.

Therefore, the Trust requests and sometimes requires that applicants and/or awardees provide proof that the budget values are realistic by attesting to using cost estimates or a RFP for the restoration work.

Best practices for obtaining cost-effective and realistic budget values for restoration projects in your application/award

We outline two methods to determine contractual costs for restoration projects. For both methods the applicant or awardee shall check costs to make sure they are reasonable and cost-effective.

<u>**Cost Estimates**</u>:

- What is this?
    - o Requesting that multiple (typically at least three) potential contractors provide their best estimate of your project's cost.
- How do I do this?
    - o <u>Outline your project</u>: Define your project goal, scope, location, timeline/schedule, and as much detail as you can about what work you envision to happen at the site. The more organized and detailed you are, the better the potential contractor can quickly assess what needs to be done and how much the work will cost. Share any funding sources you have already and the funding sources to which you are applying.
    - o <u>Contact potential contractors</u>: Email/call firms that do restoration work similar to your project well in advance of when your grant proposal is due. Ask them if they can provide a cost estimate for the project by the date you need it. If they can visit the site with you that is ideal.
        - ▪ <u>Where can I find firms that do this work</u>? The Trust may have lists of contractors that do this type of work, so reach out to the staff listed as the point of contact for your program to get ideas. In addition, there are databases to search for firms such as the Maryland Department of Transportation (MDOT) database (https://marylandmdbe.mdbecert.com/) and you will find a step-by-step guide for how to use this database in Appendix A. This is an example of one database, and other databases may also be useful, depending upon your project type and location, e.g., if you are looking for help with small scale restoration projects the Chesapeake Bay Landscape Professionals has robust resources and is available at: https://certified.cblpro.org/.
        - ▪ <u>Potential contractor's willingness to provide an estimate</u>: Potential contractors know that there is a return on investment associated with each proposed transaction/interaction. Many potential contractors want to work on these restoration projects for not only experience and earning a profit, but also as a way to hone their craft and/or help communities and/or the Chesapeake Bay. However, some firms will be unable or unwilling to provide a cost estimate by the date you need it. Therefore, make sure to reach out to several firms in order to have a high likelihood of receiving at least three estimates. You should clearly articulate that the willingness to provide an estimate does not guarantee that the work will be awarded.
        - ▪ <u>Document your efforts</u>: Document each phone call/email and the outcome.
- What do I do with the information?
    - o Develop your budget value(s) based on the cost estimates and use that information to either add to your application or make a contractor selection for your application/award.

<u>**Use a Request for Proposals (RFP)**</u>: Prepare the RFP that outlines the scope of work and is advertised.

- What is this?
    - o The RFP outlines the scope of work and is advertised for at least 30 days; then, the applications are assessed, and a contractor may be selected for the work.
    - o As an example, the Trust often requests work for awards through the RFP process and you may have responded to a Trust RFP in the past or you may be responding to a Trust RFP right now which is why you need cost estimates.
- How do I do this?
    - o Draft the RFP and vet through your organization. A robust RFP will have a clear intent, goal, scope of work, project location, timeline/schedule, point of contact, evaluation criteria, due date, etc. so that the potential contractors can best assess how to respond.
    - o <u>Where can I find examples</u>? Awardees that commonly implement restoration projects will have examples of RFPs and many are willing to share them with you so you can build on them for your RFP. The Trust writes many RFPs and can be a resource for examples, tips, etc.

- o Advertise your RFP: Where can I find firms that do this work? The Trust may have lists of contractors that do this type of work, so reach out to the staff listed as the point of contact for your program to get ideas. You may also post on neighborhood social media pages and similar databases/listservs. In addition, there are databases to search for firms such as the Maryland Department of Transportation (MDOT) database (https://marylandmdbe.mdbecert.com/) and you will find a step-by-step guide for how to use this database in Appendix A. This is an example of one database, and other databases may also be useful, depending upon your project type and location, e.g., if you are looking for help with small scale restoration projects the Chesapeake Bay Landscape Professionals has robust resources and is available at: https://certified.cblpro.org/.
- What do I do with the information?
  - o Use the evaluation process that was outlined in the RFP and select your top contractor to use for the Trust application
  - o Use the budget values to populate a Trust application
  - o Select a winning contractor to conduct the work (if applicable to you, e.g., you have funds to move forward with the work)

What do I do if I have done the above steps and no estimates or bids were received?

- This is a great question and one we are frequently asked.
- For a Trust application:
  - o If you followed the steps above and had ample time to obtain estimates and/or to release a RFP and receive bids, then provide that documentation with your application. This shows that you did try to obtain cost-effective and realistic budget values and
  - o Use standard prices (e.g., published unit prices, a previous application/award, best professional judgement) for the restoration project budget line items, cite the source(s), and document your process/outcome for cost estimates or the RFP.
- For a Trust award:
  - o Assess why no estimates or bids were received with your project team;
  - o Continue to contact firms to obtain estimates and secure the work;
  - o If an RFP was used, re-release the RFP after careful evaluation of the previous RFP; and
  - o Contact the Trust for assistance.

What other questions do you have?

We know that there are many factors to consider in doing this such as type of project such as tree planting vs bioretention or permeable pavement implementation projects where in the latter you may need permits (which can include permit review fees and bonds), surveys, infiltration tests, and as-builts submitted upon completion. To release the RFP knowledge of what scope of work, skill sets needed, timeline, required licenses/bonds or other qualifications to do business in the area, evaluation criteria to post in the RFP, and review committee's assessment process to decide. Prices for supplies or work vary from year to year, by geographic area, and from firm to firm – knowing that the lowest cost is not always the most cost-effective. You may want more detail for what best practices exist to search for firms to call for cost estimates and what others did to secure cost estimates that held up from the application phase to the award stage. We know specific examples can help and we did not include any/many in this guidance document since each restoration project varies based on the project type, geographic location, time of year and year to year, and more. Finally, we will compile frequently asked questions to develop additional tools, resources, and guidance for you!

Conclusion

These are tips and tools to obtain cost estimates for your project or, if appropriate, for you to put the work out for bid through a RFP. The goal is to obtain realistic budget values for your application or for your award that are cost-effective (i.e., to use these costs for your budget line item (category of contractor) in the Financial Management Spreadsheet). There are resources to support you as you obtain your budget values for your restoration project. Instead of recreating

the effort, build on these resources such as other awardees who commonly do restoration work, resources from your networks, and/or the Trust staff. We hope that this guidance will be helpful for those who are starting to build or ground truth their restoration budgets. We can develop frequently asked questions (FAQs) based on any feedback we have from you to clarify how to obtain cost-effective and realistic budget values for an application and/or award (restoration project focus) and continue to provide guidance and tools on this topic.

Resources:

- The award program you are applying to or were awarded from may have resources (e.g., listed in RFP or on website) and the Trust staff listed as the point of contact for your program can assist (e.g., the program manager may have potential contractors to contact or resources for your cost estimates). Grant program workshops/webinars available at https://cbtrust.org/grants/
- Awardees who have done similar work in your area; for a list of Trust awards see:
  - Our awarded projects are provided at https://cbtrust.org/grants/ and for:
    - a list of awarded projects, click on "View current fiscal year awards"
    - an interactive map of awarded projects, click on "View map"
    - annual reports, click on "View our annual reports"
- Capacity Building Watershed Restoration Training materials that include modules for permit acquisition, planning, partnership management, and budget management: https://cbtrust.org/wp-content/uploads/WatershedRestoration_PM_Training-201_Combined-Modules.pdf (source link is https://cbtrust.org/grants/capacity-building/)

Key Takeaways:

- Start your application process early to determine where you need the most help
- Contact the Trust early to discuss your idea and get suggestions for how to obtain cost estimates/contractors for your restoration project
- Contact technical assistance providers/contractors early to ask for assistance, estimates, responses to RFPs, etc. and be candid about your level of experience, what you need from them, what funding you are requestion, and your vision for the project's successful implementation
- There are resources, tips, etc. available to build on as you obtain your cost estimates/contractors for your restoration project

Appendix A: Example of one database and one way to find firms for restoration work estimates/RFP advertisement. This system is accessible to all firms doing business with the State of Maryland certified MBE, DBE, ACDBE and SBE firms using advanced keyword search capabilities.

1) Go to https://marylandmdbe.mdbecert.com/ (Maryland Department of Transportation database)
2) Search the directory of certified firms
3) Enter the appropriate search terms (if you just want MD firms, for example). Enter keyword terms relevant to your project type, such as "stormwater" or "watershed restoration." Usually searching one keyword at a time yields better results. You can search the business description and/or refine the search by using the "Commodity Code" to for example add the North American Industry Classification System (NAICS) code 54 and add keywords to the "Professional, Scientific, and Technical Services"
4) Once the list comes up, you can export with excel. Save the file on your computer. You will want at least 10 firms to pop up. So if nothing comes up for "stormwater" just keep searching until you get at least 10 firms for your project's scope of work.
5) Take a screen shot as proof you searched, save it on your computer (this documents your search for firms)
6) Copy the column with the email addresses
7) Send your email to inquire about an estimate and/or to advertise your RFP for services. Post the RFP or request for estimates on your website (if that applies to you).
8) Decide whether there is any other "broad outreach" that needs to be done to qualify for "open competitive advertisement;" e.g., a relevant association website, the Baltimore Sun, etc.
9) Take a screen shot of the opportunity on our website (if that applies to you).