



State of West Virginia State Agency Performance and Program Review

Cost Proposal
RFP No.: SEC960032

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Dean Kaplan, Managing Director

5/13/09

Date



Cost Proposal

4.5: Section VI: Cost

Vendors are reminded that costs should be reflected on this pricing page and should be submitted in a separate, sealed envelope marked "Cost Proposal". Costs shall not be included or discussed in the technical portion of the proposal.

All inclusive hourly rate: \$200 \$284,700.00

In determining total cost for a project, PFM undertakes a specific analysis of the required tasks to provide the desired deliverables and makes an informed estimate of the level of staff – and staff time – necessary to accomplish the specific task. PFM also provides different hourly rates for its staff based on their levels of experience and responsibility.

Project managers and senior project staff (Managing Directors, Directors and Senior Managing Consultants) are billed, for project purposes, at \$225 an hour. Project key staff (Consultants) is billed at \$200 an hour. Research Assistants and Administrative Personnel are billed at \$100 an hour. In all cases, these are inclusive rates – meaning all expense, including travel, lodging and meals – are built into the rates.

Based on the projected hours to accomplish key aspects of the project, the following table breaks out our cost assumption into greater detail:

Task	Hours			Total
	Research Analysts	Junior Professionals	Senior Professionals	
Project scope and timeline		8	16	24
Kick-off and information request		8	16	24
Interviews/site visits		120	120	240
Benchmarking/best practices	80	16	16	112
Surveys, focus groups, other		24	24	48
Business Process review		40	40	80
Identify performance review targets		16	16	32
Conduct performance reviews	40	80	100	220
Analyze data and information	40	40	40	120
Communicate findings milestone		40	40	80
Draft preliminary recs		80	80	160
Draft final recs		40	40	80
Present and communicate		40	40	80
Implementation support		40	80	120
Hours	160	592	668	1420
Rate	\$100	\$200	\$225	
Subtotal	\$16,000	\$118,400	\$150,300	
Total	<u>\$284,700</u>			

Blended Hourly Rate: \$200.49

We understand that this is only an approximation of the hours that may be dedicated to any individual project activity. In our experience, the actual hours dedicated to a project generally exceeds the estimate. In particular, it can be very difficult to estimate the time necessary to dedicate to implementation efforts prior to knowing exactly what recommendations are deemed worthy of that effort.

Our primary interest is the satisfaction of our client – that they have received a useful product for the time and money they dedicate to the project. We are open to discussing alternate methods for project compensation, including variations on opened ended and fixed fee arrangements.

It goes without saying that PFM stands behind its work and work products. We generally prefer payment approaches that bill upon the successful completion of project deliverables, which helps ensure accountability. We would be happy to build that billing approach into a statement of work or detailed project plan for the State of West Virginia.