The Problem

Cost Increases!

State Highway Agencies face a major challenge is controlling project budgets over the time span between the initiation of a project and the completion of construction.
Key Financial Decisions
Based on Cost Estimates
Accuracy and Consistency
Solution!

NCHRP

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PROCEDURES FOR ESTIMATION AND MANAGEMENT FOR HIGHWAY PROJECTS DURING PLANNING, PROGRAMMING, AND PRECONSTRUCTION

FINAL DRAFT GUIDEBOOK

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 PRIVILEGED DOCUMENT

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July 10, 2006
Objective Met

A guidebook on highway cost estimating management and cost estimating procedures to achieve greater consistency and accuracy between long-range transportation planning, priority programming, and preconstruction estimates.
Guidebook Contents

• 18 primary cost escalation factors
• 8 strategies to combat cost escalation
• 30 implementation methods
• 90 tool applications
• 3 generic process maps for project development phases
Guidebook Contents

Strategies
1. Management
2. Scope/Schedule
3. Off Prism
4. Risk
5. Project Delivery/Procurement
6. Document Quality
7. Estimate Quality
8. Integrity
Implementation Challenge

- Adopt a strategic approach
- Integrate cost estimating and cost estimating management
- Embed into project development process
- Allow time for change
Who Implementing?

- Minnesota – comprehensive and organization wide
- Georgia – Long range planning focus but comprehensive
- Montana - Comprehensive

Your DOT?
Ten Key Principles

Cost Estimate Management

• Make estimating a priority
• Set a project baseline cost estimate
• Create cost containment mechanisms
• Create estimate transparency
• Protect estimators
Ten Key Principles

Cost Estimating Practice

• Complete every step in the cost estimate process
• Document estimate basis
• Identify project risks
• Anticipate external cost influences
• Perform estimate reviews
Thank You!