CO$T CONTROL

NEW STAFF

BABY VANESSA !!

6 lb 5 oz
Bundle of
Joy !!!

WHAT COSTS DO WE NEED TO CONTROL?

- Construction Costs
- Design Costs
- Right of Way Costs
- Mitigation Costs
- Utility Costs – reimbursement and non-reimbursement

WHY IS COST CONTROL IMPORTANT ?

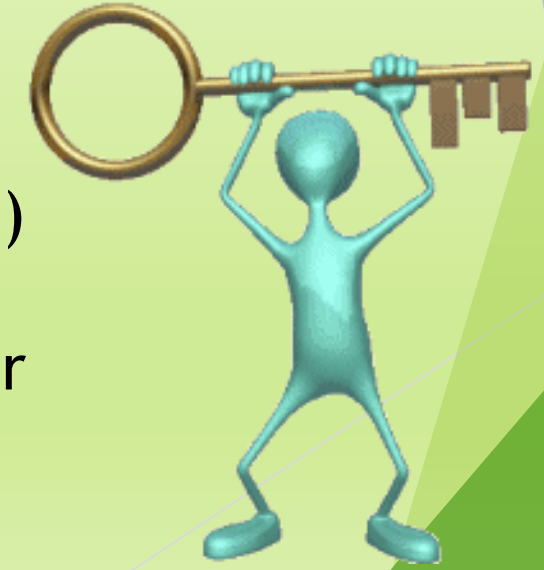
- Affects our performance measures
- Affects our work program stability
- Affects relationships with our local agencies
- Causes excessive demands on Department resources

KEYS TO FINANCIAL STABILITY - Construction

Solid understanding of scope

- All potential elements are included
- Constructability
- Temporary Traffic Control
- Unknowns/Risks

Experienced estimator
Solid understanding of LRE (Long Range Estimate) Program
Communication between engineers and estimator



SCOPE ELEMENTS

- Make sure all scope elements are included in LRE
  - Surcharge
  - MSE Walls for Bridge Approach
  - Appropriately estimating earthwork & drainage components
  - Turn Lanes & Median Crossovers
  - Driveways
  - Sidewalk thickness
  - Utility impacts

CONSTRUCTABILITY & TTC

- Constructability & Temporary Traffic Control
  - Specialized Equipment
  - Sheet piling
  - Walls & Shoring
  - Detours
  - Temporary signalization
  - Barrier Wall
  - Project Duration

UNKNOWNS/RISKS

- Identify all unknowns & risks
  - Perform a risk assessment
    - What do you know
    - What don’t you know
    - What are the potential impacts of what we don’t know
    - How can we mitigate those impacts as quickly as possible

APPROPRIATE STAFF/COMMUNICATION

- Estimator
  - Have extensive experience in estimating projects
  - Construction experience a plus
  - Solid understanding of the LRE system
  - Ability to produce an independent engineer’s estimate
  - Ability to validate the results
  - Have a solid understanding of the LRE system and it’s limitations.

SOLID TEAM COMMUNICATION

- EOR and Estimator should do the estimate as a team
- When the EOR has changes, communicate those to the estimator. Does it have an impact to the project costs?
- Are all disciplines communicating or are they working in silos.
  - i.e. if the drainage folks are working in dependently from the roadway folks, TTCP could be effected due to the phasing.
  - Are their opportunities reduce costs by cross discipline communication. Is the signalization team working with the utility and drainage team.?
- sdf

PROJECT COST UPDATES

- When should cost updates be done
  - NTP
  - Phase Reviews
  - A-List
  - B-List
  - Changes to the plans

INITIAL LRE UPDATE

- Within 30 days of NTP
- Thorough “scrubbing”
- Becomes the “OFFICIAL” cost of the project
- Consultant performance will be measured based on changes to project cost.
  - Excludes unit cost increases
  - Changes in scope initiated by unavoidable circumstances
- Does the LRE reflect the appropriate MOT & Unknowns % based on risk identification and mitigation plan

MILESTONE ACTIVITIES

- Line & Grade
- Initial Plans
- Final Plans
- Plans Update (within 10 days of execution)
- Production

OTHER UPDATES

- Added elements that will impact cost
- A-List
- B-List

PERFORMING UPDATES

- LRE
  - At each update a thorough “scrubbing” of the estimate should be performed.
  - If new elements have been included, evaluate the unknowns? Can the unknowns be reduced to offset the cost?
  - Once the LRE is updated:
    - Notify Estimates Office
    - They will make whatever unit cost increases are required
    - Once estimates office has completed update, make sure that version was made a “P” Version. This becomes the Primary Version which is what the next update will be measured against
    - A work program form should be submitted for any changes
    - Ask for a copy of the approved work program form from your PM
    - A new “working” copy of the LRE will be available for you to begin the next cycle.

WORK PROGRAM FORMS

QUESTIONS???