

OPEN BOOK COST ESTIMATING REQUIREMENTS

Throughout the Pre-Construction Phase and as changes demand during the Construction Phase, the CMGC shall provide estimates of Project cost and/or cost of individual Project elements. The estimates shall be prepared in a transparent, detailed format that allows the Department and their representatives to understand the basis of costs and cost development.

A negotiated Project cost must be completed for all known Project activities activities/items prior to Notice to Proceed for any work activities.

The preferred method of Project cost negotiations will be a Contractor's Price Proposal with a detailed line-item breakdown. It may be necessary to simplify in some scenarios and provide a Contractor's quote instead of the full Price Proposal. At a minimum, each line item shall contain a complete furnish and installation cost with a detailed breakdown for each item. For example, line-item breakdowns shall include independent cost for material, equipment, and labor. This level of detail will be required for review and negotiation purposes as some work activities will require complete furnish and install while others will only require an installation portion of the total item. The material breakdown shall be detailed to include each component/piece required for complete installation. For example, material cost for items such as guardrail shall be broken down to detail the cost of individual components such as posts, beams, hardware, etc. rather than a lump sum material cost per unit. All material, equipment, and labor breakdowns shall include all associated direct and indirect cost. These costs will be totaled, as utilized, with a negotiated mark-up then added to achieve a final payment price. For example, guardrail, as installation only, will utilize the equipment and labor portion of the line item only and apply the Project negotiated mark-up to only those portions of the item utilized to determine the appropriate unit cost.

Additional back-up information shall be provided as requested to ensure that all costs are competitively priced. The Department may require such information on any component. Examples of additional back-up information may include but are not limited to quotes for material, sub-contracted work, equipment rental, payroll records, etc.

The Department's intent is to utilize historical market pricing for the basis of negotiations with the understanding that work activities are not within the Department of Transportation right-of-way and may not directly align with such historical cost.

It is not anticipated that any composite pay factors or quantity adjustments will be utilized for this project. All base, pavement and any other items that typically get a line-item adjustment for quality or quantity will either be considered pass/fail and paid as 100% or removed and replaced unless otherwise agreed by the Department.

MARK-UP and LS PRICE

The Department will review the Contractor's cost for all work as a detailed line item review. As the intended review of cost will be based on historical market pricing, it will not be necessary for the Contractor to break out mark-up to be shown separately from the detailed line item costs unless requested by the Department in instances where costs are not agreeable and further detail is required. Mark-up shall be appropriately

distributed between the equipment, material, and labor line item breakdowns for such instances that a full furnish and install item is not needed. If additional detail is necessary during negotiations that would require mark-up to be split out, the maximum allowable mark-up for any item will be 14%. The maximum mark-up is a cumulative maximum for the line item whether the work is performed by the Contractor or a sub-contractor. This method of review and negotiation shall apply to all negotiated costs for work to include added work through supplemental agreement.

NARRATIVE AND SCHEDULE

As part of the Cost Estimate, provide a summary narrative. Include a discussion of how the cost of specific items was developed. The project schedule will be negotiated and agreed upon during this process and Contract Time established. All costs shall be considered firm and binding upon completion of negotiations and execution of an agreement for project cost and schedule.

All negotiated costs and schedule include maintenance and protection of the work, such as, but not limited to, protection of all permanent work to access and haul roads and the project site.