COST ESTIMATING PROCEDURES, TOOLS AND CONSIDERATIONS

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Estimating vs Bidding

• Estimating
  1) ...to calculate approximate amount or value of something
  2) ... to form an opinion about or evaluate
  3) ... How is Contractor Going to Bid (not found in any dictionary)

• Bid
  1) ...To offer or propose (an amount) (Contractually Binding)
How Do Contractors Estimate?

- Determined by Contractor (can’t be “Materially Unbalanced”)
  - Know Costs + Unknown Costs
  - HCCS / Other Software?
  - Internal Process / Programs
  - Calculation of Actual Costs + Risk
  - Experience (Risk / Reward)
The $Million ? (or much more!)

How Attractive Have You Made The Project to Industry ?

Your Design / Contract Affects Price !
Are You Promoting Competition (Primes and Subs) ?
- Accurate (Bidable) Plans and Quantities
- Appropriate Risk Allocation
- Constructable Schedule
What Creates Variability In Bids (The Big Three)

- **Schedule**
  - Staging – Shifts - Mobilizations
  - Night Work
  - Short Work Windows
  - Large LD’s

- **Utilities**
  - During Construction ?
  - Unknowns – Trans 220 Recovery a Risk

- **Environmental**
  - Risk
  - Work Limitations
Plans

• Inaccurate Plans – Contractors Can Determine Quickly - Is Confidence Developed?

• Accurate Quantities

• Confusing Method of Payment – Notes in Plans

• Undistributed Quantities
  • Especially on Blended Items!

• PPP or Incidental (items that may change)
  • Earthwork
  • Ice for Structures
  • Water
  • Etc....
Other Considerations

• Urban Projects
  – Lack of Staging Areas
  – Pedestrian Accommodation Responsibility
  – Traffic
  – Buildings

• Time of Year (Weather Concerns)
  – Constructability
  – Safety – Snow – Ice – Frostbite = Unattractive

• Time of Let - Let Complex Projects Early
  – Some Contractors are Hungry Early
  – Cash Flow – Pay Notes
Contract Admin. Staff

• Who is Project Leader / Supervisors
  – Will Disputes Be Resolved?
  – Will Quantities be Measured and Paid Fairly?
  – Extra Work?
  – Will CRI’s be Accepted?
  – Will Materials Penalties and Non-Conforming Work be Handled Reasonably?
  – Will Project Be a Headache to Manage?
Last Thoughts

• Historic Unit Prices Not Enough
  - Consider Recent Risk Developments
  - Spec. Changes
  - “Fancy Stuff” is expensive

• Scheduling is Biggest Factor – Labor Costs and Risk

• Commodity Prices can be Volatile and very difficult to predict

• Strongly Consider Addenda Requests and Constructability Review Comments
How Can WTBA / Industry Help?

- WTBA is Willing to Work with WisDOT / Consultant Design Teams
  - Accurate Estimates Are Important to Industry Also
  - Bidding Information Is Proprietary
  - Anti-Trust Concerns

Questions?