

Cost Estimate Requirements

- A copy of the cost estimating and quality control process utilized for the project will be outlined in the feasibility study and/or Project Funding Application. The process(s) will demonstrate that the cost estimate evolved along with the technical development of the project, and that good cost estimating practice was followed.
- A statement that the responsible municipality is entirely responsible for the quality and completeness of the cost estimates prepared for the project.
- The feasibility study/project funding application will clearly document any and all assumptions made in developing the cost estimate, particularly assumptions in regard to the project's scope of work.
- Each cost estimate shall be a comprehensive project cost estimate, inclusive of all cost elements anticipated to comprise the entire project and their associated risks. The cost elements shall reflect the level of detail and definition available for costs estimating purposes.
- Appropriate risk contingency must be assigned and delineated clearly in the estimate for each of the cost elements and activities. This risk contingency is to be 10% which will be added to overall cost estimate.
- For larger projects, the number and extent of segments of the project for which a separate cost estimate is to be prepared based on the project's work breakdown structure. Regardless of the number of separate segment cost estimates prepared, each segment cost estimate will 'roll up' to create a single, total project cost estimate.
- As a minimum, the cost estimate shall utilize the elemental parametric method for cost estimating. The estimate of a project builds from the expected cost of its *elements* and its *parameters*. In the elemental parametric approach the *elements* are the building blocks (such as the design, the land acquisition, the project management, environmental requirements, and the construction - including sub-elements of supply of material/equipment, installation of material/equipment, structural, mechanical, electrical/instrumentation, HVAC, third-party utilities, and so on) and the *parameters* are the variables which need to be defined (such as, pipe size, pipe length, number of crossings, building square meterage, pump horsepower, treatment equipment, and so on).
- The feasibility study/project funding application is to contain a complete copy of cost estimate(s), the supporting materials, scope statements and assumptions in the Feasibility Report or Project Funding Application.
- Transportation reserves the right to review and audit the estimate to ensure that good estimating practice has been followed, in particular that the scope of work has been adequately defined and that all cost elements and parameters have been included.
- Unacceptable cost estimation processes will be rejected and the feasibility study/project funding application will be returned to the responsible municipality for revision prior to further review and action by Transportation.