

MODIFIED BY EI 85-027
EFFECTIVE 5/8/85

ENGINEERING INSTRUCTION

NEW YORK STATE DEPARTMENT OF TRANSPORTATION

SUPERSEDED BY EB 98-045
EFFECTIVE 12/1/98

SUBJECT: PROJECT COSTS

Subject Code: 7.26-1

Distribution:



Main Office



Regions



Special

Code: 84-55

Date: Oct. 31, 1984

Supersedes:

APPROVED:



R. H. EDWARDS, Deputy Chief Engineer, Facilities Design Division

Increasingly there has been a tendency for the cost of a project during the latter stages of design to significantly exceed the programmed costs of that project. Recently, there have been several instances where the cost estimate given in Design Phase IV was substantially lower than the cost developed in Design Phase VI, even though there was only a few months difference. The purpose of this Engineering Instruction is to emphasize the importance of developing a realistic cost estimate throughout project development, particularly in Phase IV when the design choice is made.

Beginning immediately, all Design Reports should contain a current cost estimate and explanation outlining the basis upon which the cost estimate was developed. It is not the intent at this stage to develop a detailed item breakdown, but rather to estimate the cost commensurate with the project details developed to that point. We are presently attempting to compile data on which to base a more realistic cost estimate. Until that is completed, I suggest that you use the following criteria as a basis for a cost estimate at Phase IV:

- Select several elements which comprise the majority of the project cost on a particular project and use those as the basis for projecting the project cost. For example, you may decide that more than 50% of the project cost is tied up in the following items: Earthwork, Pavement, Bridges, Drainage or Maintenance and Protection of Traffic.

As we collect data for use in estimating projected cost prior to PS&E, we will be striving to develop a uniform procedure. In the meantime, do the best you can to avoid any surprises at PS&E time.