

Some Estimates Are Wishful Thinking

The construction bidding process is in deep trouble. Just open your local newspaper or read ENR. Projects are coming in far over budget and owners can't attract enough bidders to assure competitive prices. Worse, owners are incurring major cost overruns after starting projects. The root cause of these problems is that owners, architects and engineers are not using reliable means to obtain the correct project numbers in the first place. It appears that management edicts or wishful thinking are driving budgets instead of estimating professionals.

Owners, such as the California Dept. of Transportation, that hope for multiple bids or want to award a contract for the best price without using professional estimators are deluding themselves. The San Francisco-Oakland Bay Bridge re-bidding, whether Caltrans admits it or not, is due to additional costs that the owner programmed into the project. But, of course, it's not Caltrans' fault that bids came in over the budget, it's the contractor's fault. Let's stop this charade and save competitive bidding by restoring responsible estimating.

Serious Steps

There are numerous steps that an owner can take in the estimating process during design. A well-managed project should have four estimating milestones in order to come in at or near the budgeted amount. First is the initial budgeting. Next is the schematic design milestone, at perhaps 5% design completion. This is followed by the design development milestone, at about 35 to 50% complete design. These would be followed by a 100% con-

struction documents milestone estimate, which is based upon the plans and specifications that will be issued to the bidders.

If the project warrants a bit of added expense, two construction documents estimates could be prepared rather than one. One estimate would be prepared at the 85 to 90% completion level and the other at 100%.

Projects following this process typically come in at or near budget, are issued for bid with a minimum of alternates to control the costs and have a high confidence level that the pre-bid estimate will be close to the bid amounts. But the greatest qualifier to this process is using experienced professional estimators to prepare the estimates.

Projects in development that have budget problems typically have cost recommendations, such as value engineering or other cost evaluations, provided between the schematic design and design development milestones. This is the point where changes in the design, and the resulting project cost, are most cost-effectively made. The owner pays less money due to the early stage in the design process.

As the design progresses, it becomes more expensive to make any significant changes to the project scope. I can think of more than one project that never should have been released as designed due to the cost ramifications. It is a waste of time and money for all of the parties to

wish or hope for the results they are looking for.

If an owner is serious about developing and maintaining the construction budget, it should get serious and use estimating professionals. It is obvious that there are posers among the owners, architects, engineers and even the ranks of consultants that guess at costs or cannot count the number of bolts or cubic yards of concrete in the structure, let alone price them with reliable hours, wage rates and material prices. Some use reference works that are not applicable. Others use square footage costs dreamed up at the last project meeting. These firms are performing a great disservice to the project and our industry.

Owners should face up to the fact that estimating professionals are necessary to the success of a project. Architects, engineers and consultants should not present their "probable cost" statements without the benefit of using professional estimators. The upfront cost of using actual trained and experienced estimators is insignificant relative to a project being delayed due to redesign, re-bid or outright cancelation. Bringing in a project at or near the budgeted amount is not impossible. ■

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