

VIRGINIA DEPARTMENT OF TRANSPORTATION

COST ESTIMATION OFFICE

INSTRUCTIONAL AND INFORMATIONAL MEMORANDUM

GENERAL SUBJECT: Project Cost Estimating	NUMBER: IIM-CEO-01
SPECIFIC SUBJECT: Implementation of VDOT's Cost Estimating Manual	DATE: August 2, 2021
	SUPERSEDES: N/A
APPROVAL:	Barton A. Thrasher, P.E. Chief Engineer Approved August 2, 2021

Changes are shaded.

BACKGROUND AND PURPOSE

- In January of 2021, VDOT opened the Cost Estimation Office (CEO). One of the key functions of this office is to develop, implement and refine VDOT's project cost estimating guidance and policies. Since its inception, the CEO has worked collaboratively with all nine Districts, L&D, IID, S&B, CN, TMPD Divisions, and numerous other Divisions to develop VDOT's first **Cost Estimating Manual (the "Manual")** – Version 1.0. The Manual is available at the following location: <https://www.virginiadot.org/business/manuals-default.asp>
- The Manual is a compilation of existing VDOT's policies and procedures for cost estimating and related activities. There are a few new requirements and processes that are being implemented with the issuance of the Manual as follows:
 - Consistent estimating terms and definitions (see Introduction)
 - Project Complexity Classifications (see Chapter 5)
 - Risk based contingencies (see Chapter 5)
 - Enhanced estimate documentation referred to as Cost Estimate Packages (CEPs) (see Chapter 6)
- **The purpose of this IIM is to provide a clear implementation plan and schedule for the Manual.**

- The compilation of general guidance, resources, and tools referenced in the Manual are intended to ensure estimating consistency across all disciplines.
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EFFECTIVE DATE

- This memorandum is effective upon receipt.
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POLICY

- The Manual shall be used for all projects with a construction phase (VDOT or locally administered) that are in, or to be entered into the Six-Year Improvement Program (SYIP) **AND** will be reflected on VDOT's Dashboard.
 - Both criteria above shall apply.
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TIMELINE FOR IMPLEMENTATION:

VDOT has multiple programs and projects that require cost estimates to be developed and uploaded. Each of these projects and programs are currently in different stages of their respective life cycle. Incorporating changes of this type requires time and a defined approach. As such, VDOT is adopting the below approach for the implementation of the newly developed Manual. While it may not be required per the below schedule, users are encouraged to apply these processes and document project assumptions and risks as outlined in the Manual upon receipt.

- **Existing Active Projects in the SYIP:** The use of the Manual shall be effective for the development of future project cost estimates entered and/or recommended in the PCES System **with the next required update or submission, per PMO 3.6 procedures, but no later than July 1, 2022.**

- **Ongoing Project Funding Applications:** The use of the Manual shall be implemented for application estimates prepared for funding programs, such as Revenue Sharing and Transportation Alternatives, for submission for the SYIP FY23 (FY23-FY28) funding cycle. These estimates shall be updated in accordance with this Manual, no later than **April 1, 2022.**

- **Future Project Funding Applications:** The use of the Manual shall be **effective on the date of this IIM.**

NOTES

- Simultaneously with the issuance of the Manual, VDOT is reviewing and updating various existing IIMs and other governance documents related to cost estimating. The contents of the Manual are intended to be harmonious with the existing guidance to the maximum extent possible. Within the Manual, there are a few new requirements and processes as outlined above. In the event the guidance in the Manual is in conflict with existing, previously dated guidance, the Manual will supersede.
 - The Manual requires the use of VDOT's Cost Estimate Workbook (CEWB). The CEWB provides the tool wherein all estimates are provided in a consistent and uniform format. The use of VDOT's CEWB has been and remains a requirement for VDOT project cost estimates. It is imperative that those preparing estimates for VDOT use the latest and applicable CEWB. This resource can be obtain at:
https://www.virginiadot.org/business/locdes/project_estimating_tools.asp
 - The Manual is a living document and will be revised and updated periodically to reflect the continued evolution of the VDOT's estimating policy, guidance, and tools.
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REFERENCE

- VDOT's Cost Estimating Manual (Version 1.0 – July 1, 2021)