Project Cost Development Framework

**Order of Magnitude**
- Early capital planning
- Sponsoring unit & FCS
- Low scope understanding
- Low schedule certainty
- Low $ confidence level

**Benchmark Budget**
- FPAR design authorization
- Unit & FCS/consultancy
- Med. scope understanding
- Medium schedule certainty
- Medium $ confidence level

**Design Phase Estimate**
- Adjusted per design estimate
- A/E & consultants
- Higher scope understanding
- Higher schedule certainty
- Higher $ confidence level

**Final Project Cost**
- Final authorization (final cost)
- Contractors bid & PM final budget
- Scope determined
- Schedule determined
- Actual cost

**CB**: Capital Budget Submission. Need is established but facility solution may not yet be understood.

**Project Development Phase**: Time period between capital budget submission and design authorization FPAR where scope schedule and budget is better defined by Units and FCS through benchmark analysis and consultancy.

**FPAR DA**: Facilities Project Approval Request – Design Authorization

**FPAR CA**: Facilities Project Approval Request – Construction Authorization
<table>
<thead>
<tr>
<th>Use</th>
<th>Order of Magnitude Budget</th>
<th>Benchmark Budget</th>
<th>Design Phase Estimate (Typically Project &gt; $10M, B&amp;P)</th>
<th>Final Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use</td>
<td>Early Capital Planning</td>
<td>First Project Approval Request (FPAR Design Authorization)</td>
<td>Adjust Benchmark Budget or subsequent estimate based on design effort</td>
<td>Final authorization</td>
</tr>
<tr>
<td>Definition</td>
<td>Order of Magnitude Budget</td>
<td>Benchmark Budget</td>
<td>Design Phase Estimate (Typically Project &gt; $10M, B&amp;P)</td>
<td>Final Project Cost</td>
</tr>
<tr>
<td>Definition</td>
<td>• A preliminary budget using historical cost by facility type</td>
<td>Opinion of internal subject matter experts informed by scope, intended schedule, and project limit lines but not yet fully informed by confirmed scope and schedule and existing conditions; Risk section of FPAR used to discuss qualification of the #</td>
<td>Cost estimate from AE team based on design phase documents (schematic, design development)</td>
<td>Authorized construction FPAR value based on a contractors bid.</td>
</tr>
<tr>
<td>When Applied</td>
<td>FPAR for design authorization</td>
<td>FPAR for design (revised) authorization, presented with Approval of Concept, Approval of Design, or as otherwise required during design phase</td>
<td>FPAR construction authorization</td>
<td></td>
</tr>
<tr>
<td>Developed by</td>
<td>In partnership between sponsoring unit and FCS for unit cost data</td>
<td>In partnership between sponsoring unit and FCS to respond to project parameters</td>
<td>Consultants</td>
<td>Based on contractor’s bid and project managers final project budget</td>
</tr>
<tr>
<td>Project Parameter Understanding</td>
<td>Very Low – May be need without identified solution</td>
<td>Medium, preferred solution is identified but limited information may exist about existing conditions</td>
<td>Increasing during design phase</td>
<td>Fixed cost through construction of project scope. Includes 10% owner’s contingency</td>
</tr>
<tr>
<td>Basis</td>
<td>Subject matter experts on staff</td>
<td>Subject matter experts on staff and/or consultancy</td>
<td>External expertise</td>
<td>Actual bid cost</td>
</tr>
<tr>
<td>Confidence Level</td>
<td>Often Low</td>
<td>Medium</td>
<td>High, but may miss future market conditions for projects with a long design phase</td>
<td>Very high</td>
</tr>
<tr>
<td>Rounding Guidelines</td>
<td>&lt; $1M: nearest $50k</td>
<td>&lt; $2M: nearest $50k</td>
<td>&lt; $2M: nearest $10k</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>$1-2M: nearest $100k</td>
<td>$2-10M: nearest $100k</td>
<td>$2-10M: nearest $50k</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2-10M: nearest $500k</td>
<td>&gt;$10M: nearest $500k</td>
<td>&gt;$10M: nearest $100k</td>
<td></td>
</tr>
<tr>
<td>Escalation</td>
<td>Considered in projecting project start date, but not updated each year while in capital plan</td>
<td>Considers start point and completion date</td>
<td>• Included in professional estimating</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Informed by project schedule</td>
<td></td>
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</table>

**Escalation Considered in projecting project start date, but not updated each year while in capital plan.**

**Confidence Level:**
- **Often Low**
- **Medium**
- **High, but may miss future market conditions for projects with a long design phase**
- **Very high**

**Rounding Guidelines:**
- **< $1M:** nearest $50k
- **$1-2M:** nearest $100k
- **$2-10M:** nearest $500k
- **> $10M:** nearest $1M

**Escalation:**
- Considered in projecting project start date, but not updated each year while in capital plan.