## Week 8 Project Cost Estimating (1)

**457.657 Civil and Environmental Project Management** Department of Civil and Environmental Engineering Seoul National University

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## **Estimating Construction Costs**

- Approaches to estimating
- Conceptual / Detailed estimating
- RS Means data and examples

#### • Estimates

- Necessary to guide decisions, budgets
- Hard to do well
- Are performed by several actors
  - Owners
  - Designers
  - Contractors
  - Subcontractors



## **Context: Project Timeline**





### **Cost Estimating**

#### • Preparation Time X Accuracy



## **Conceptual Estimating**

- Guide decisions regarding: location, scope, feasibility.
- Very little project information is available
- Size of the project is generally known, although it may be described in terms of capacity (e.g.: number of beds, megawatts)
- Short preparation time
- Estimates prepared for many different program options

## **Detailed Estimating**

- Based on a (near) complete set of documents
- Owner team prepares an estimate to negotiate
- Contractors prepare an estimate to bid (or negotiate)
- Price given by contractors for different work packages may be based on bids from pre-qualified subcontractors

## **Conceptual Estimating**

- Consideration
  - Building type
  - Location
  - Rough size
  - Material type
  - Time

### • Compare to historical data (similar buildings)

- Apply modifiers as needed

- Resources for Estimate
  - U.S.
    - RS Means Building Construction Cost Data
    - RS Means Assemblies Cost Data
    - RS Means Square Foot Costs
  - Australia
    - Rawlinsons Construction Cost Guide
  - Korea
    - 표준품셈 (대한건설협회): provide quantity information of activities
    - 실적공사비 (한국건설기술연구원): provide historical database

# **Building Costs**

#### **RS Means Building Data**

- Compiles info
- Good starting point
- Firm data often better (why?)

#### **Example:**

Library - 6,500 sf *RS Means - \$97.30/sf* 

Estimated cost : \$632,450

If ¼, 25% of that type of building costs less than the indicated price and 75% costs more

	14	LI S.E.& C.E. Costs			UNIT COSTS			% OF TOTAL		
_			UNIT	1/4	MEDIAN	3/4	1/4	MEDIAN	3/4	
520	3100	Total: Mechanical & Electrical R141	S.F.	36	63.85	75.55	29.20%	31.10%	34.10%	52
530	0010	LIBRARIES	3.2	76.40	07.20	104	-			-
	0020	Total project costs	C.F.	5 35	97.30	9.65				53
	0500	Masonry	S.F.	4.37	9.75	16.80	5.90%	0.50%	11.00%	
	1800	Equipment		1.11	2.98	4.65	1 20%	9.00%	11.90%	
1	2720	Plumbing		3.09	4.35	5.90	3.60%	4.90%	5.70%	
	2770	Heating, ventilating, air conditioning	0.0	6.60	11.20	14.60	8%	11%	14.60%	
	2900	Electrical	0.13	7.85	10.15	12.60	8.30%	11%	12.10%	
50	3100	Total: Mechanical & Electrical		22.65	30.95	38.75	18.90%	25.30%	27.60%	
50	0010	MEDICAL CLINICS	S.F.	75.20	93.15	117				550
	1800	Iotal project costs	C.F.	5.60	7.25	9.70	1.000	202	196 34	
	2720	Dumbing	S.F.	2.06	4.33	6.75	1.80%	5.20%	7.40%	
ł	2770	Heating ventilating air conditioning	S leas	5.05	7,15	9.55	6.10%	8.40%	10%	
	2900	Flectrical		6.15	7.90	11.65	6.70%	9%	11.30%	
1	3100	Total: Mechanical & Electrical		0.40	9.10	12.05	8.10%	10%	12.20%	
	3500	See also division 11700		20.10	28.23	39.50	22%	27.60%	34.30%	
70	0010	MEDICAL OFFICES	S.F.	70.60	87.50	108			10000	570
1	0020	Total project costs	C.F.	5.25	7.20	9.85				5/0
1	1800	Equipment	S.F.	2.45	4.70	6.70	3%	5.80%	7 20%	
1	2720	Plumbing		3.96	6.10	8.30	5.70%	6.80%	8.60%	22
	2770	Heating, ventilating, air conditioning		4.79	7.05	9.10	6.20%	8%	9.70%	
	2900	Electrical		5.60	8.15	11.40	7.60%	9.80%	11.40%	
-	3100	Total: Mechanical & Electrical	+	13.90	20	29.70	18.50%	22%	24.90%	
90	0010	MOTELS	S.F.	45.20	67	86.40				500
1	0020	Total project costs	C.F.	3.95	5.55	9.10				390
1	2720	Plumbing	S.F.	4.59	5.85	6.95	9.40%	10.60%	12.50%	
1	2770	Heating, ventilating, air conditioning		2.79	4.17	7.45	5.60%	5.60%	10%	
н	2900	Electrical		4.27	5.45	7.10	7.10%	8.20%	10.40%	
1	3100	Total: Mechanical & Electrical	+	14.50	18.20	31.20	18.50%	21%	24.40%	
1	5000									
ł	9000	Per rental unit, total cost	Unit	23,000	43,800	47,300				
	0006	Idtal: Mechanical & Electrical	•	4,500	6,800	7,900				
00	0010	NURSING HOMES	S.F.	68	30.09	110				
	0020	Total project costs	CE	5.45	7	0.50	A CHARGE	3 THE S		500
T	1800	Equipment	S.F.	2.28	3.04	9.30	2.40%	2 70%	CN .	
	2720	Plumbing		6.40	8.15	11 30	0.40%	10 70%	14 200	
T	2770	Heating, ventilating, air conditioning	100	6.35	8.85	11.30	9.40%	11 40%	14.20%	
	2900	Electrical	10 695	7.05	8.80	11.80	9.70%	11%	13%	
	3100	Total: Mechanical & Electrical	*	16.75	23.45	34.35	26%	29.90%	30.50%	
+	3200	Par bod or parson total and		19116 165	C. HISTH	1.943.91	0.018090	R MIC		
	5000	Per beu or person, total cost	Bed	29,400	36,200	48,200	0519-58	19.255		
10	0010	OFFICES Low Rise (1 to 4 story)	S.F.	57.30	73	97.15				10
H	0020	Total project costs	C.F.	4.15	5.80	7.85	AMERICA	6-1989-62	Sec.	
	0100	Site work	S.F.	4.32	7.35	11.40	5.30%	9.70%	14%	
F	1900	Masonry		1.99	4.66	8.80	2.90%	5.80%	8.70%	
1	2720	Edupment	1000	.71	1.30	3.57	1.20%	1.50%	4%	
H	2770	Heating worthlating air condition	11 5 10	2.18	3.30	4.67	3.70%	4.50%	6.10%	
	2900	Flectrical	100	4.71	6.50	9.65	7.20%	10.50%	11.90%	
F	3100	Total: Mechanical & Electrical		4.86	6.70	9.40	7.50%	9.60%	11.10%	
			*	11.40	15.85	23.15	18%	21.80%	26.50%	
0	0010	OFFICES Mid Rise (5 to 10 story)	S.F.	63.20	76.65	104			6	20
L	0020	Total project costs	C.F.	4.42	5.60	8.10	S. ASA	and nor		-
	2720	Plumbing	S.F.	1.91	2.96	4.26	2.80%	3.70%	4,50%	
	1100	Heating ventilating air conditioning	1000	1.00	0.00		1000		1000	

#### Figure 5.1

Sample square foot costs for various structures.

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#### **City Cost Indexes**

#### R13.3-010 Building Systems

									NEW YOR	K	1					
DIV.	BUILDING SYSTEMS		HICKSVILL	E		NEW YORK		RIVERHEAD			ROCHESTER			SCHENECTADY		
но.	24-1 25	MAT.	INST.	TOTAL	MAT.	INST.	TOTAL	MAT.	INST.	TOTAL	MAT.	INST.	TOTAL	MAT.	INST.	TOTAL
1.2	FOUND/SUBSTRUCTURES	98.0	154.0	133.7	120.3	157.0	143.7	97.5	153.3	133.0	100.0	102.1	101.3	94.8	99.0	97.5
3	SUPERSTRUCTURES	105.8	151.1	125.5	111.5	154.2	130.0	106.0	149.7	125.0	101.6	106.0	103.5	99.5	103.2	101.1
4	EXTERIOR CLOSURE	111.9	157.6	133.8	119.9	161.0	139.6	114.4	157.3	135.0	107.6	101.6	104.7	103.4	97.8	100.7
5	ROOFING	105.9	150.3	125.3	108.0	155.0	128.5	106.0	150.3	125.4	100.8	99.4	100.2	92.5	95.5	93.8
6	INTERIOR CONSTRUCTION	97.5	151.9	119.8	103.5	167.7	129.8	97.8	151.9	120.0	96.7	99.0	97.6	97.5	88.3	93.7
7	CONVEYING	100.0	129.8	108.4	100.0	143.2	112.2	100.0	123.4	106.6	100.0	99.1	99.7	100.0	97.0	99.1
8	MECHANICAL	99.8	150.6	122.9	100.4	161.4	128.0	99.8	150.6	122.8	100.0	93.4	97.0	100.4	93.3	97.2
9	ELECTRICAL	103.3	159.8	141.8	112.0	177.7	156.8	104.4	159.8	142.2	107.0	95.2	99.0	103.3	96.1	98.4
11	SPECIAL CONSTRUCTION	100.0	162.9	104.0	100.0	172.3	104.6	100.0	162.7	104.0	100.0	97.7	99.9	100.0	88.4	99.3
12	SITE WORK	119.1	132.8	129.3	142.2	128.8	132.2	119.7	131.5	128.5	77.6	107.2	99.6	73.8	108.1	99.4
1 - 12	WEIGHTED AVERAGE	102.9	151.8	126.6	108.6	160.5	133.8	103.4	151.2	126.6	100.6	99.7	100.1	99.0	96.9	98.0
	· · · · · · · · · · · · · · · · · · ·	• .											•			
DIV.	BUILDING SYSTEMS	PANAMA CITY			PENSACOLA			ST. PETERSBURG			TALLAHASSEE					
NU.		MAT.	INST.	TOTAL	NAT.	NST.	TOTAL	MAT.	INST.	TOTAL	MAT.	INST.	TOTAL	NAT.	INST.	TOTAL
1.2	FOUND/SUBSTRUCTURES	103.5	53.6	71.7	102.5	69.7	81.6	105.3	69.6	82.6	100.3	62.7	76.4	103.9	69.7	82.1
3	SUPERSTRUCTURES	98.2	57.6	80.6	97.4	75.3	87.8	101.9	76.4	90.8	99.2	69.9	86.5	102.4	76.5	91.2
4	EXTERIOR CLOSURE	94.8	36.2	66.6	92.9	62.9	78.5	106.3	61.4	84.7	89.2	50.4	70.6	88.7	61.5	75.6
5	ROOFING ~	97.3	36.6	70.8	97.0	61.5	81.5	96.6	57.2	79.4	97.1	55.6	79.0	97.0	58.4	80.1
6	INTERIOR CONSTRUCTION	101.7	31.1	72.7	100.3	62.2	84.7	101.3	58.2	83.6	102.9	46.5	79.8	102.9	58.2	84.6
7	CONVEYING	100.0	61.7	89.2	100.0	65.0	90.1	100.0	69.4	91.4	100.0	76.2	93.3	100.0	17.2	93.6
8	MECHANICAL	99.9	31.3	68.9	99.9	62.3	82.9	99.9	62.1	82.8	99.9	49.6	77.1	99.9	62.2	82.8
9	ELECTRICAL	94.1	41.4	58.2	99.5	61.9	73.9	96.3	59.7	71.4	96.4	51.2	65.6	95.3	59.8	71.1
11	SPECIAL CONSTRUCTION	100.0	33.3	95.7	100.0	61.9	97.6	100.0	56.9	97.2	100.0	45.2	96.5	100.0	56.9	97.2
12	SITE WORK	135.2	84.6	97.5	132.8	86.9	98.6	122.0	86.6	95.6	121.9	<b>86</b> .3	95.4	121.9	86.6	95.6
1 - 12	WEIGHTED AVERAGE	99.8	44.6	73.1	99.4	67.0	83.7	101.8	65.9	84.4	99.3	57.4	79.0	100.0	66.2	83.6
		1				NEVADA				·	-	· · · · _	NEW HA	MPSHIRE	• •	
DIV.	BUILDING SYSTEMS	CARSON CITY			LAS VEGAS			RENO			MANCHESTER			MASHIA		
<b>100</b> .		MAT.	INST.	TOTAL	MAT.	INST.	TOTAL	MAT.	inst.	TOTAL	NAT.	INST.	TOTAL	MAT.	NST.	TOTAL
1-2	FOUND/SUBSTRUCTURES	108.4	100.5	103.3	103.1	109.8	107.4	108.5	101.4	104.0	100.9	87.7	92.5	99.6	87.7	92.0
3	SUPERSTRUCTURES	105.9	100.5	103.6	104.9	108.7	106.6	106.4	102.5	104.7	100.3	85.4	93.9	100.0	85.4	93.6
4	EXTERIOR CLOSURE	118.2	89.0	104.1	115.5	102.8	109.4	118.3	88.9	104.1	106.0	94.8	100.6	106.2	94.8	100.7
5	ROOFING	104.0	92.6	99.0	103.7	104.0	103.8	104.1	92.6	99.1	100.5	97.1	99.0	100.8	97.1	99.2
6	INTERIOR CONSTRUCTION	96.6	94.8	95.8	97.2	107.9	101.6	97.3	95.1	96.4	102.5	79.0	92.9	102.6	79.0	92.9
7	CONVEYING	100.0	129.4	108.3	100.0	115.6	104.4	100.0	129.4	108.3	100.0	100.8	100.2	100.0	100.8	100.2
8	MECHANICAL	100.0	97.9	99.0	100.0	112.7	105.7	100.0	98.0	99.1	99.9	82.9	92.2	99.9	82.9	92.2
9	ELECTRICAL	93.7	91.7	92.3	95.8	108.2	104.2	93.7	91.7	92.3	104.6	75.8	85.0	104.4	75.8	84.9
n	SPECIAL CONSTRUCTION	100.0	95.7	99.7	100.0	105.9	100.4	100.0	95.7	99.7	100.0	67.9	97.9	100.0	67.9	97.9
12	SITE WORK	67.2	102.6	93.6	67.2	104.0	94.6	67.5	102.6	93.7	94.6	96.5	96.0	96.6	96.5	96.5
1 - 12	WEIGHTED AVERAGE	102.0	96.9	99.5	101.5	108.3	104.8	102.2	97.3	99.9	101.5	85.1	93.6	101.5	85.1	93.6

#### 100 = National Average

*Figure 5.4* City cost indices for selected cities.

#### MAT: Material Cost, INST: Labor Cost

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# (1) ROM Estimate

• 100-bed dormitory (low rise); median quality; 2003 data; in Nashville, TN; Jan 2003 construction start

– Total cost = Number of units × Unit cost

= 100 units  $\times$  36,300 per unit

= \$3,630,000 (without adjustments)

### • Location Adjustment

- National average city index = 100
- Adjusted cost for a city = Estimated cost  $\times$  City index / 100
- For Nashville: 86.2
- Adjusted total cost =  $3,630,000 \times 86.2 / 100$

= <u>\$3,129,060</u>

## (2) SF Estimate – Modeled

- 19,386 ft<sup>2</sup> fire station; face brick with concrete block back-up; steel joists; 2003 data; in Austin; January 2005 construction start; 2.5% projected increase per year.
  - Total cost = Size in  $ft^2 \times Cost/ft^2$ 
    - = 19,386 ft<sup>2</sup> ×  $97.95/ft^2$  (approximately)

= <u>**\$1,898,858**</u> (without adjustments)

# (2) SF Estimate – Modeled (Cont'd)

- Add-on Features:
  - Combination range, refrigerator, sink, microwave oven & icemaker (quantity = 1) = 1 × \$5,275
  - Steel lockers, single tier, 72" (8 openings) =  $8 \times $200$
- Cost with add-on features = <u>\$ 1,905,733</u>
- Key point
  - Estimates can mix level of detail
    - If you find, you can add now
  - Danger is to double count
    - You need to figure out which one has been included already through itemized building code
    - Clearly determine included/not-included items

# (2) SF Estimate – Modeled (Cont'd)

- Location Adjustment
  - National average city index = 100
  - Adjusted cost for a city = Estimated cost  $\times$  City index / 100
  - For Austin
    - Adjusted Austin cost =  $1,905,733 \times 79.7 / 100$

= <u>\$1,518,869</u>

# (2) SF Estimate – Modeled (Cont'd)

- Time Adjustment
  - 2003 data used for 2005 construction
  - Time adjusted cost =  $(1 + \frac{0}{0} \text{ projected yearly increase})^n \times Adjusted Cost$ 
    - $= (1 + 0.025)^2 * $1,518,869$
    - = <u>\$1,595,761</u>

## **Detailed** Estimating

### • Scope definition

- Dimensions, specified quality, construction methodology, potential problems and solutions
- Quantity take off
  - Packaging of project components' scope into units that can be priced
- Pricing
  - Applying marketplace labor, material, and equipment costing to the quantities
  - Factors such as schedule, construction process, productivity, labor agreements, and resource allocation should be considered

### • Overhead and profit issues

- Overhead, profit, sales taxes, labor benefits, bond, and contingency

## **Scope Definition**

#### Contract documents

- Drawings
- Specifications
- Technical references
- Addenda

### • Site analysis

- Soil
- Utilities
- Access
- Neighbors
- Existing structures
- New construction vs. Repair and remodeling
- Bonding and insurance requirements

### **Basic Detailed Process**

• Estimated Cost =

Quantity × Price (material + installation) per unit

- Quantity: by counting
- Price: by time, materials, and crew cost
  - Materials: vendor data
  - Crew cost: varies by composition of junior and senior members as well as size; also equipment
  - Time (duration): by productivity per unit
    - » Can vary a lot by method, crew size

## Estimate Setup

- Format
- Organization of cost items **Typically by CSI codes**
- Separation of subcontractors from in-house work
- Adjustments
- Overhead and profit (markup) summary
- Estimate summary

## Quantity Take Off

• Break a project down into work packages (e.g., excavate for spread footings, place concrete for spread footings)

- This can be really hard!

- Determine quantity for work package
  - Requires a strong understanding of the work involved
  - Be careful with details, scales, and units
  - Take advantage of repeated project elements
  - Make sure you don't quantify the same element twice
  - Account for waste, shrinkage, swell, equipment wear

# **Unit Pricing**

### • Sources of pricing information

- Publications
- In-house data
- Material suppliers
- Equipment rental companies
- Subcontractors
- Unions
- Government offices
- Insurance and bonding providers

# Unit Pricing (Cont'd)

- Material Costs:
  - Specifications (e.g.: model number, color, finish)
  - Price valid until delivery time
  - Delivery
  - Warranties and guarantees
  - Lead time to delivery
  - Supplier's stock
  - Supplier's reputation
  - Payment terms *Important to control to prevent negative cash flow!*

# Unit Pricing (Cont'd)

\*Total Fringe: Health + Pension + Apprentice FICA: Federal Insurance Contributions Act

- Labor Costs:
  - Wage rate
    - Trade
    - Union vs. Non-Union
    - Project location
    - Fringe
  - Productivity
    - Crew efficiency
    - Concurrent work
    - Weather conditions
    - Workspace
    - Regular vs. overtime

Washington State Carpenters (sample)	Journ	eyman
	Regular Time	Time& a Half
Rate	\$27.95	\$41.93
Health	2.90	2.90
Pension	3.87	3.87
Apprentice	<u>0.35</u>	<u>0.35</u>
Total Fringe	7.12	7.12
Taxable Wage Rate	35.07	49.05
FICA @ 7.65%	2.14	3.21
State Unem. @ 5.42%	1.51	2.27
Fed. Unem. @ 0.8%	0.22	0.34
Workers Comp @ \$2.0859/hr	<u>2.09</u>	<u>2.09</u>
Total Payroll Taxes & Insurance	<u> </u>	7.91
Labor Burden (fringe + tax & ins)	13.08	15.03
Total Labor Rate	41.03	56.96

# Unit Pricing (Cont'd)

### • Equipment Costs

- Cost of ownership, lease, or rental
  - Interest
  - Storage
  - Insurance
  - License
  - Taxes
- Operation
  - Gasoline/oil
  - Maintenance
  - Transportation
  - Mobilization
  - Operator (may be included with labor)
- Item-by-item basis vs. project basis

## **Overhead and Profit**

- Job organization
- Travel expenses
- Engineering support
- Marketing, legal, and accounting fees
- Testing
- Equipment (project basis)
- Field office
- Temporary utilities

- Permits
- Temporary roads
- Insurance and bonds
- Clean up
- Safety devices/signs/barricades
- Photographs
- Taxes (other than direct costs)

- In Austin:
  - Find the estimated cost of putting in place 500 lf of 10' high large columns
  - Find the estimated installation cost of 10 25'x25' waffle slab bays with a 75 psf load
  - Find the cost of elevated floors on a 5 story (5 stories with 4 elevated floors and a roof) apartment block with 10,000sf/floor. Slab on grade construction.



1. Find the estimated total cost of precast concrete 500 lf (linear foot = regular feet) of 12' high large columns

2. Find the estimated installation cost of 10 25'x25' cast in place waffle slab bays with a 75 psf load

**3.** Find the cost of elevated floors on a 5 story (5 stories with 4 elevated floors and a roof) apartment block with 10K sf·floor. Slab on grade construction.



### • 표준품셈

- Provide material quantity, labor hour information for given construction activities in standard construction environment
- Yearly updated by 50 review committees

Civil 6-1-2 Mortar

(m<sup>3</sup>당)

Mixing Ratio (배합용적비)	Cement (시멘트, kg)	<b>Sand</b> (모래, m³)	Labor (인부, 인)
1:1	1,093	0.78	1.0
1:3	510	1.10	1.0
1:5	320	1.15	0.9

### • 일위대가 (Itemized Unit Cost)

- Quantity identified from 표준품셈 X Cost from 일위대가

#### Mortar 1:1 Mixing Ratio

#### (m<sup>3</sup>당)

Itom	Cizo	Unit	Quantity	Mate	rial Cost	Labor Cost		Expenses		Total	Othors	
Itern	SIZE	Unit	Quantity	Unit ₩	₩	Unit ₩	₩	Unit ₩	₩	₩	Outlers	
Cement		KG	1,093	80	87,440							
Sand		m²	0.78	11,000	8,580							
Labor		Person	1			57,820	57,820					
Total					96,020		57,820			153,840		

#### • Estimate (공사비 내역서)

(단위:원)

Activity	Turne	Unit	11	11	11		11	Unit	Quantity	Materi	al Cost	Labo	r Cost	Expe	enses		То	tal
(공종)	туре		(물량)	Unit ₩	₩	Unit ₩	₩	Unit ₩	₩	Ur	nit ₩	₩						
Mortar	1:1	m³	10	96,020	960,200	57,820	578,200	-		- 1	53,840	1,538,400						
~																		
Total											000	000						

### • 일위대가 (Itemized Unit Cost)

- Material cost: Government cost info + Market cost info (조달청 발행 가격정보, 물가자료 또는 물가정보)
- Labor cost: Construction Association of Korea yearly collects labor cost information from 50-60 construction sites and announces standardized labor cost every 1<sup>st</sup> of January (대한건설협회 고시 노임단가, 50-60개 현장을 대상으로 년1회 실사 후 매년 1월1일 공표)

# 원가계산방식 vs 실적공사비



출처: "국내 건설 적산 제도" (한국건설산업연구원 최석인 연구위원)

# 원가계산방식 vs 실적공사비



출처: "국내 건설 적산 제도" (한국건설산업연구원 최석인 연구위원)