

1391 CI47 Cost Review Guidance

Please Be Aware:

5% construction contingency remains controversial in political circles. If not approved, the “target” ECC for design will be reduced accordingly.

Because of the historical “under-funded position,” even if project budgets are approved as submitted, “target” ECC’s are usually reduced approximately 4% in order to pay back this debt.

As a result of the above, our projects’ “design-to” ECC may be approximately 10% less than we propose when we prepare 1391’s. Therefore, we need to take a conservative approach when developing budget estimates for 1391’s.

This is a BUDGET estimate...we don’t know the details yet, so we cannot be too refined in the estimate. Think in terms of \$25K, \$50K, \$100K, \$250K. This is MACRO estimating.

Review Guidance:

1. Primary Facilities

Unit Cost Check - Check unit cost calculations. Use recent bid results if higher. If you do not use DoD guidance costs, document the source of costs in the Cost Notes. Escalate unit costs to FY of project if not already shown in guidance. Assume 2 year construction period if total ECC will be \$10M or greater (this means escalating 6 months longer than DoD guidance).

Built-in Equipment – Almost every building will have at least some built-in equipment. Add \$30/SM of roofed area if building may have standing seam metal roof. Use Built-in Equipment section to add for diesel generators, fire pumps, raised computer flooring, washer/dryers in modules per new BQ criteria...anything unusual that may not be in guidance costs.

Information Systems – Applicable to Admin, BQ’s, any building with relatively high personnel populations. – add at \$25/SM.

Facility Sustainable Development – NAVFAC now recognizes that Sustainable Design may increase first cost. Look through blocks 10, 11 and 12 for any identified “sustainable” features which apply to the primary facility and cost them out in this section. Discuss with technical designers when time allows. If light shelves, photo-voltaic cells, geothermal heating, etc. are likely to be a part of the design, show the additional costs in this section. If none known, but Designer input indicates that significant features, currently unknown, may be applicable, add 5% of building cost (building + built-ins + information systems) in this section. Include a note, “Facility Sustainable Development Costs per NAVFAC PR05 Programming Directive.”

Anti-Terrorism/Force Protection - AT/FP is applicable to facilities with occupancies of at least 1 person per 40SM. Facilities with less than 5 persons are excluded. AT/FP applies to portions of facilities like the admin area of a warehouse. Note, if the standoff distances are not met, the warehouse has to be structurally isolated from the administration area. If threat not identified, as an absolute minimum, use ½% of building cost (building + built-ins + information systems). For an admin building, the minimum is 1%. Although current AT/FP criteria indicates to add 1% to facility cost if 3 or more stories, use 5%, based on discussions with John Lynch in the NAVFAC Criteria Office. Be aware of standoff distances (For “Inhabited” buildings, minimum standoff is 80ft from “controlled” perimeter (fence) and 30ft from parking and roadways. For “Gathering and Billeting” structures, minimum standoff is 150ft from controlled perimeter and 80ft from parking and roadways.) When standoffs are not met, there will be increased cost...see the guidance of Dec 99. For projects in Europe, EUCOM has established higher standards if standoff distances are not met. AT/FP applies to renovations when renovation cost is at least 50% of replacement cost or increases the occupancy to a higher level. For FY04 and beyond, if the project is an addition, the existing structure has to be upgraded if the addition is greater than 50% of the original structure's area. If you are in doubt what criteria should be applied, please coordinate with Brian Crowder.

Operation and Maintenance Manuals (OMSI) – 1.5% of building cost (building + built-ins + information systems) for non-complex facilities. Use 2% for complex facilities. If in doubt, use 2%. \$50K minimum except for projects where OMSI not required (paving, dredging, etc.). For unusual facilities, request assistance from Paul Davia, consult guidance memo, or discuss with supervision.

2. Supporting Facilities

Unless we know a lot about the project, total Supporting Facilities cost (excluding D/B fee) should be at least 45% of total Primary Facilities cost (30% for BQ's).

Special Construction Features – Add for piling for all stateside projects if 2 or more stories, except 2-story housing. Add for all projects at Dam Neck. Use \$85/SM for FY03-FY05. Piling should be a “sub-item” of Special Construction Features.

Electrical Utilities – judgement call. Itemize if known.

Mechanical Utilities – judgement call. Itemize if known. Steam Distribution is very expensive. Need to follow up on any possibility that Steam will be required. If no information is available, assume that Steam is required and include worst case scenario.

Paving and Site Improvements – For retention pond sub-item, use \$100K to \$200K for all stateside projects with buildings (may be higher for especially large projects). For parking sub-item, add for lighting costs at \$3.50/SM of paving.

Anti-Terrorism/Force Protection – Show nothing unless identified in text of 1391. If barriers, security fencing, etc. are identified, this is the place to show their cost.

Facility Sustainable Development – NAVFAC now recognizes that Sustainable Design may increase first cost. Look through blocks 10, 11 and 12 for any identified “sustainable” features which apply to Supporting Facilities and cost them out in this section. Discuss with technical designers when time allows. If, for instance, recycling centers, etc. are likely to be a part of the design, show the additional costs in this section. Add nothing to Supporting Facilities if none are indicated.

Demolition – Be sure to include demolition costs, when a part of the scope. Hazardous Demolition needs to be included. Determine if a study has been done that identifies hazardous material demolition and the expected cost. This includes asbestos and lead demo for the buildings and soil and fuel contamination for the site.

Other – Under “Other (Oil Price Increase)” show 10% of the total project for fuels-intensive projects like asphalt paving and dredging. Note: primary facility guidance prices for FY03 and beyond have already been increased to accommodate increased oil costs.

3. Construction Contingency – show as 5%.

4. SIOH – show as 6% for CONUS projects, 6 ½% for overseas projects.

5. D/B Designer Fee – Applicable to all projects which might be D/B procurements. Show as separate line item after the subtotal which follows SIOH. Use approximately 10% of total construction cost for \$10M projects, increasing to as much as 13% for smaller projects, decreasing to as little as 7% for larger projects. Be wary of low budget projects with high D/B Designer Fees. In these cases, we should ask the question, “Give the high cost of D/B, should we reconsider the acquisition strategy?” If you run into a project like this, consult supervision.

Be aware and don't be afraid to inform your design team, that showing D/B designer fee on the 1391 virtually “locks in” D/B as the procurement method.