

# DIVISION OF LOCAL ASSISTANCE



## CONSTRUCTION OVERSIGHT INFORMATION NOTICE



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### **Welcome to the COIN!**

*This is the ninth issue of Caltrans Local Assistance Program Construction Oversight Information Notice, or "COIN" for short. These short, single-topic bulletins are intended to provide outreach information and guidance to local agencies on issues pertaining to the construction of Federal-aid projects. They cover a wide variety of subjects, including discussions of findings resulting from process reviews by Caltrans and/or FHWA, changes in procedures or regulations, reminders of existing procedures or best practices, and other timely information. The goal is to ensure proper and timely delivery of Federal-aid projects.*

### **TOPIC: Engineer's Cost Estimate/Bid Reviews and Evaluations**

As local agencies have experienced, the Engineer's Cost Estimate may not always accurately reflect the bidding climate, market conditions, or actual bids received for the project. Ensuring the accuracy and reliability of the Engineer's Cost Estimate can be a formidable task even under the best of circumstances and in recent times it has become even more challenging. One tool, which may be of assistance to local agencies needing to improve their Engineer's Cost Estimates, is the "Contract Cost Data Book" publication. This publication contains historical Caltrans bid results through 2009. Bid summary results are also available for each past month in 2010. This information can be accessed via the internet at:

[http://www.dot.ca.gov/hq/esc/oe/awards/#item\\_code](http://www.dot.ca.gov/hq/esc/oe/awards/#item_code).

A similar tool, used primarily for cost estimates for bridges, is available to local agencies via the internet at:

<http://www.dot.ca.gov/hq/esc/estimates/>

Another helpful tool entitled "Guidelines on Preparing Engineer's Estimate, Bid Reviews and Evaluation" is available from FHWA. These guidelines not only assist in preparing Engineer's Cost Estimates but also provide helpful information in soliciting and awarding construction contracts. The guidelines include the following:

- Outline of recommended procedures for preparing the Engineer's Cost Estimates
- Outline of recommended procedures for reviewing bids prior to awarding the contract
- Guidance for improving pre-bid, bid review, and evaluation procedures
- Measures to increase competition

These FHWA guidelines can be accessed via the internet at:

<http://www.fhwa.dot.gov/programadmin/contracts/ta508046.cfm>

The importance of accurately estimating cost estimates cannot be over emphasized given current economic conditions. Accurate cost estimates translate into a more precise distribution of available funding through the programming process. Large differences between cost estimates and bid results coupled with tight timelines for the use of certain types of funding may impact delivery of other programmed projects or may require return of unused funds in times they are sorely needed. All local agencies using federal-aid funds must strive to maintain accurate and reliable cost estimating processes.

