

Reclamation Manual

Policy

Subject:	Cost Estimating
Purpose:	To ensure all cost estimates required to support the Bureau of Reclamation's mission are effectively prepared, reviewed, and properly used. The benefits to Reclamation include improved quality and consistency of cost estimates, the facilitation of corporate oversight for these projects to support successful project accomplishment, improved ability to maintain credibility with water and power users and other customers, and otherwise sustain Reclamation's credibility.
Authority:	Reclamation Act of 1902 as amended, Reclamation Safety of Dams Act of 1978 as amended, and specific authorizing legislation.
Approving Official:	Commissioner
Contact:	Director, Technical Service Center (86-68000)

1. **Introduction.** This Policy along with its supporting Directives and Standards (D&S) describe the official recognized levels of cost estimates prepared by or for Reclamation in support of its studies, projects, and programs.
2. **Applicability.** Different levels of cost estimates are required in support of planning, seeking authorization and appropriations, design, construction, and operation and maintenance of Reclamation's projects. All Reclamation employees who prepare cost estimates on behalf of Reclamation must comply with and implement the requirements of this Policy and its supporting D&Ss.
 - A. Reclamation Manual (RM) D&S, *Cost Estimating* (FAC 09-01), describes specific levels of estimates along with the attributes of each. As a project moves through its development and implementation, subsequent cost estimates reflect increasingly more detail and refinement of the project attributes and supporting design data. Only the levels of estimates listed in that document will be acknowledged as official Reclamation cost estimates. Refer to RM D&S, *Representation and Referencing of Cost Estimates in Bureau of Reclamation Documents Used for Planning, Design, and Construction* (FAC 09-03) for how various levels of cost estimates are to be used.
 - B. RM D&S, *Construction Cost Estimates and Project Cost Estimates* (FAC 09-02), identifies how cost estimates are used in the development and maintenance of the Construction Cost Estimate (CCE) and Project Cost Estimate (PCE). CCEs and PCEs are utilized for new construction.
 - C. This Policy and its supporting D&S apply to all Reclamation projects, new and existing, regardless of the funding source.

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3. **Policy.** Reclamation's cost estimates are to meet standards and requirements necessary to fulfill their intended function and are to reflect reasonable and defensible expectations of costs commensurate with their purpose. The critical elements for an effective cost estimating program along with the risks and uncertainties of cost estimates are presented in the supporting D&S for this Policy along with discretionary guidance of the *Cost Estimating Handbook*.
4. **Requirements in Development of Cost Estimates.**
- A. Reclamation's cost estimates are to meet standards and requirements necessary to fulfill their intended function and are to reflect reasonable and defensible expectations of costs commensurate with their purpose. The critical elements for an effective cost estimating program along with the risks and uncertainties of cost estimates are presented in the supporting D&S for this Policy along with discretionary guidance of the *Cost Estimating Handbook*.
- B. Reclamation uses a variety of terminology to describe the sequence of project activities from inception through operation. A project's status describes, in general terms, the types of activities underway in support of a project's development. Several stages of project development are delineated within each category of project status. A series of increasingly refined cost estimates are prepared as a project moves through these stages. The official levels of estimates are described in Paragraph 4 of FAC 09-01. The following table summarizes the relationships among the project status, stage and level of cost estimate produced and recognized:

PROJECT STATUS	PROJECT STAGE	OFFICIAL LEVEL OF COST ESTIMATE
Planning	Planning	Preliminary
		Appraisal
		Feasibility
Construction	Final Design	Percent [%] Final Design
	Solicitation	Prevalidation of Funds
	Construction	Independent Government Cost Estimate [Award]
Operation and Maintenance	Operations	Independent Government Cost Estimate [Contract Modifications]
		One or more of the previously identified estimates

5. **Definitions.** Definitions of key terminology and acronyms are included in FAC 09-01 and the *Cost Estimating Handbook*.
6. **Review Period.** The originating office will review this release every 4 years.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____