

# Project and Program Cost Control

Effective: February 17, 2006

**UDOT 08-04**

Revised: February 6, 2014

## Purpose

To establish authority, guidance, and requirements for managing transportation projects and program costs for the Utah Department of Transportation (Department).

## Policy

The Utah Transportation Commission is designated by State Law to program money to transportation projects and programs. The Commission sets project budgets and the year for project advertisement through Commission action. The Department manages project and program budgets within the Transportation Commission Approved Amount (CAA).

## Definitions

### Commission Approved Amount (CAA)

The Utah Transportation Commission sets project budgets through Commission action. The Commission Approved Amount is the dollar limit available for the project.

### Construction Estimate

The designer's expected construction costs to build the project or the estimated summation of unit price bid items and related construction costs.

### Total Project Cost (TPC)

The Total Project Costs of a project are all the costs to complete a project.

The components of costs are:

- PE (Preconstruction Engineering)

- CE (Construction Engineering)

- Construction Costs

- Utilities work

- Right of way

- Change orders

- Contract modifications

- Incentives

- Other Direct and Indirect costs attributable to a project

### Total Project Cost Estimate (TPCE)

The TPCE is the estimated total project costs before bid. This includes the Estimated Total Project Costs plus a project specific contingency to deal with risk, change orders, incentives, and contract modifications.

## **Procedure**

### **Implementation of Project and Program Cost Control**

**UDOT 08-04.1**

**Responsibility:** Executive Director and Deputy Director

#### **Actions**

1. Manage scope, schedule, budget, and quality for all projects and programs approved by the Utah Transportation Commission and administered by the Department.
2. Program projects within the programs funded by the Transportation Commission.

**Responsibility:** Region Director & Region Program Manager

3. Manage the scope, schedule, budget and quality of the program of projects within their Region.
4. Designate a Project Manager for each project.

**Responsibility:** Project Manager

5. Responsible for scope, schedule, budget, and quality of a project from preconstruction through project closeout.
6. Verify the Construction Estimate is within the amount budgeted for construction costs and that the TPCE does not exceed the CAA before bid.
7. Keep the TPCE up to date in the Electronic Program Management (ePM) system and adjust costs and cost estimates as appropriate to manage the project.
8. Manage Total Project Costs throughout the life of the project to be less than the CAA.
9. Process change orders as appropriate ensuring TPC remains less than CAA.
  - a. Acquire Region Director approval to execute change orders that cause TPC to exceed CAA or if change order exceeds \$100,000.

**Responsibility:** Region Director

10. Manage the Region program for all Region projects. Use the Region Director Contingency Funds or working with the Director of Program Development, allocate funds from other sources to projects as necessary.
11. Add money to project budgets, as appropriate, up to \$500,000 or 25 percent of the project whichever is less.
  - a. Request Utah Transportation Commission approval before exceeding the CAA by \$500,000 or 25 percent of project CAA.
12. Adjust project scope as appropriate to fit projects within CAA.
  - a. Request Commission approval before proceeding when project limits change and TPCE or TPC exceed CAA by \$500,000 or 25 percent of project CAA.

**Responsibility:** Transportation Commission

13. Delegate to the Department limited authority (up to \$500,000 or 25 percent of CAA) to establish and modify project budgets for current fiscal year projects (year one projects).
14. Consider and approve budget adjustments, as appropriate, in those instances where the project TPCE or TPC exceed the CAA by \$500,000 or 25 percent of project CAA.
15. Consider and approve as needed the adjustment of project costs for projects in year two and three of the STIP.

**Responsibility:** Executive Director and Deputy Director

16. Review, approve, and award bids as appropriate when bids exceed Construction Estimate by 10 percent.
17. Provide the Utah Transportation Commission with reports on project and program budget, scope, and schedule status.
  - a. Provide a quarterly report on projects that have exceeded original CAA by \$500,000 or 25 percent of project CAA (previously acted upon by Commission).