

Project Cost Estimating and Construction Industry Update

A Presentation to the
California Transportation Commission

by the

California Department of Transportation

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Recent Year Bid Trends

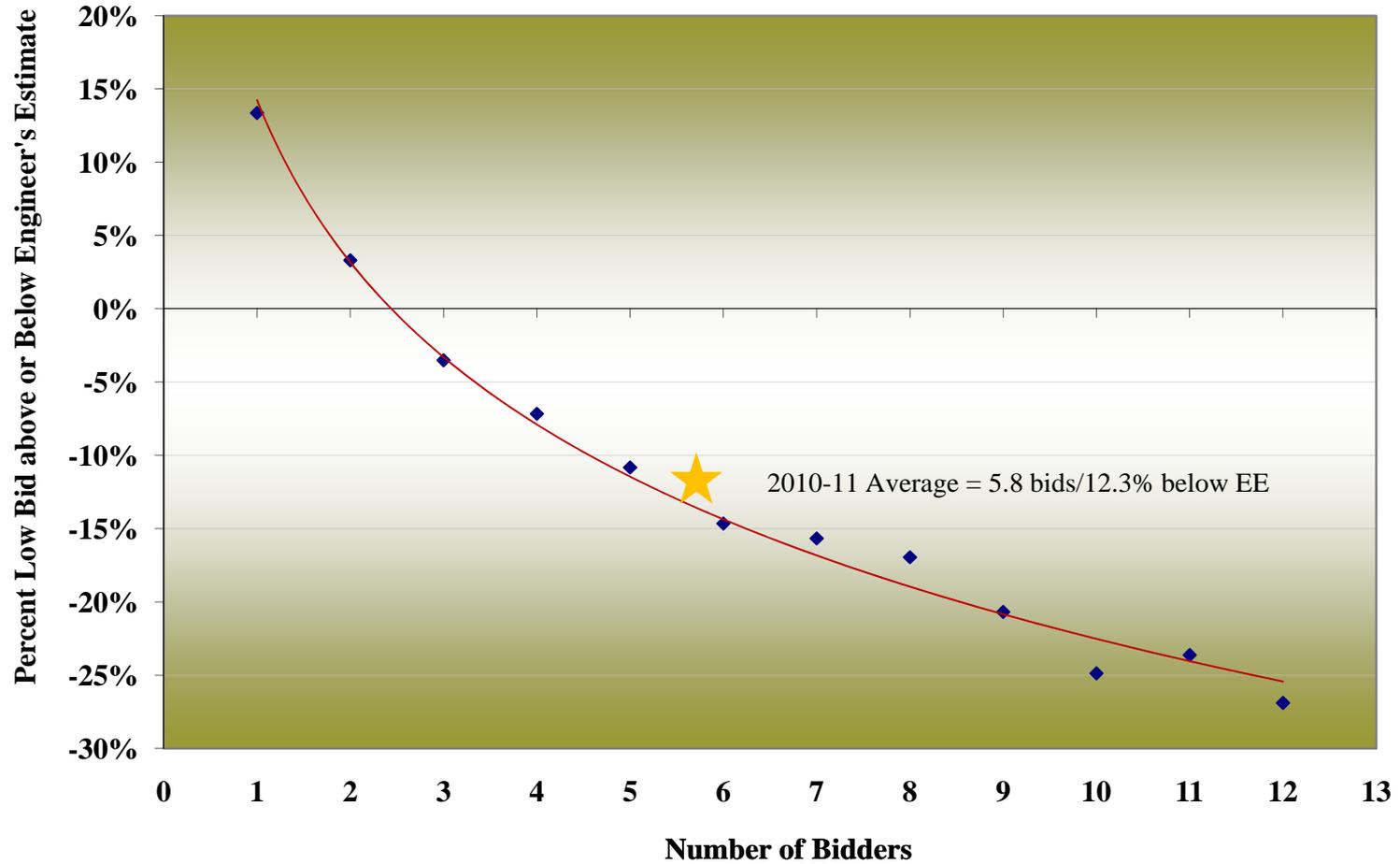
Fiscal Year	Number of Contracts Bid Opened	Average Number of Bidders	Low Bid Vs. Engineers Estimate
2005-6	663	3.4	5.0%
2006-7	655	4.8	-5.8%
2007-8	670	7.1	-21.5%
2008-9	666	7.8	-24.0%
2009-10	624	7.6	-31.2%
2010-11	612	5.8	-12.3%
2005-11 Avg.	649	6.1	-14.4%

FY 07 - 10
Avg. = 7.5 bids
Bids Avg. =
26% below EE

In FY 2010-11, bid trends were very close to historical averages and within the expected range as shown on the following slide

Bid Price vs. Number of Bidders

Comparison of Low Bid and Engineer's Estimate based on Number of Bidders
(10,783 Awarded projects with bid opening dates from July 1, 1993 to June 28, 2011)



Cost Estimating Best Practices

- Estimators use historical bid data from similar projects
- Estimate is present day escalated to the mid-point of construction
- Estimate typically developed 6 -9 months prior to bid
- No item price changes after CTC vote

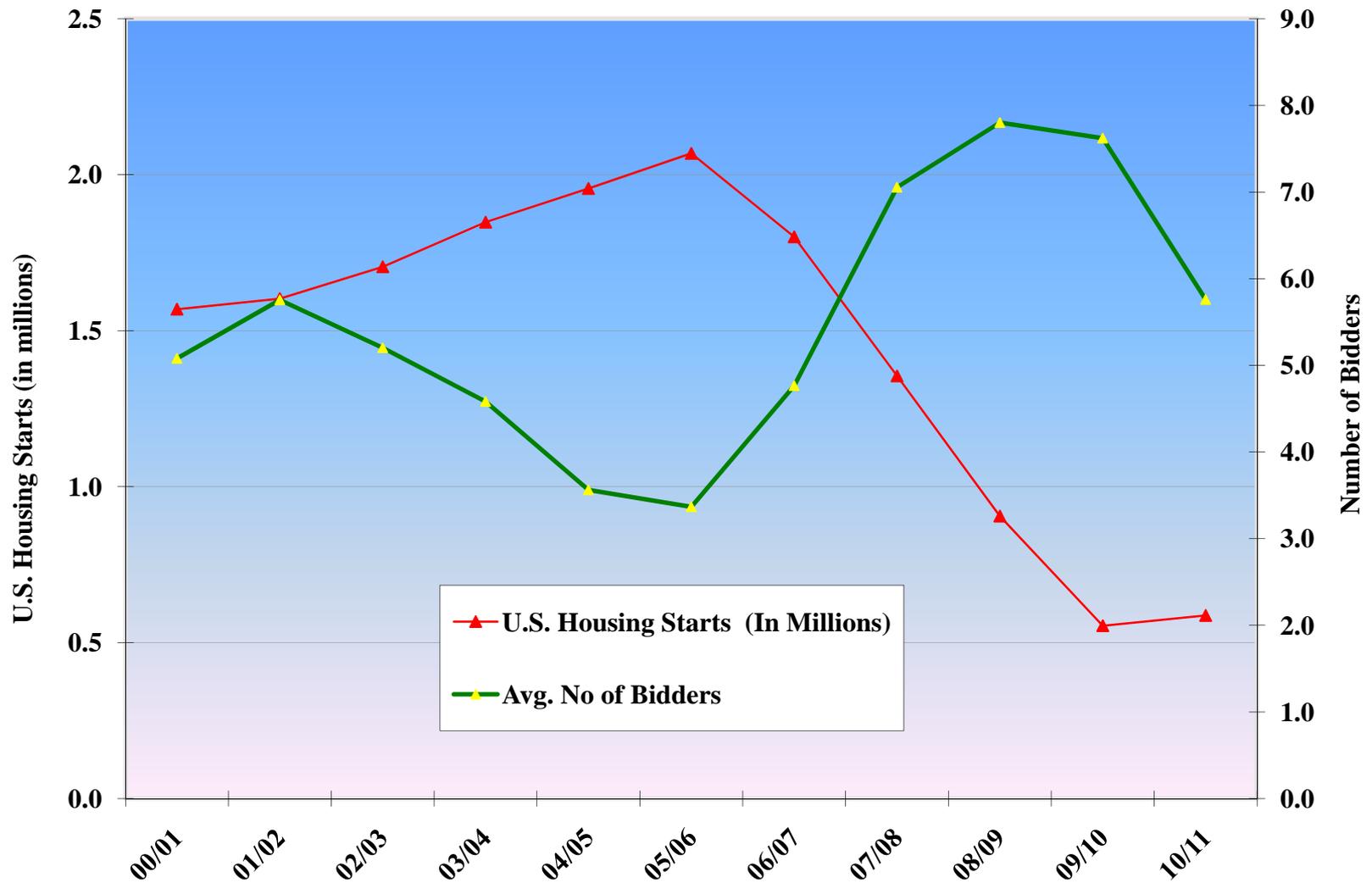
Recent Year Bid Comparison and Supplemental Votes

Fiscal Year	No. Voted or Delegated Projects Awarded	No. of Supplemental Vote Requests	Percent of Voted or Delegated Projects With Supplemental Vote for Award
2005/06	421	56	13.3%
2006/07	437	6	1.4%
2007/08	414	0	0.0%
2008/09	350	3	0.9%
2009/10	327	1	0.3%
2010/11	306	5	1.6%
Total	2,255	71	3.1%

Cost Estimating Considerations

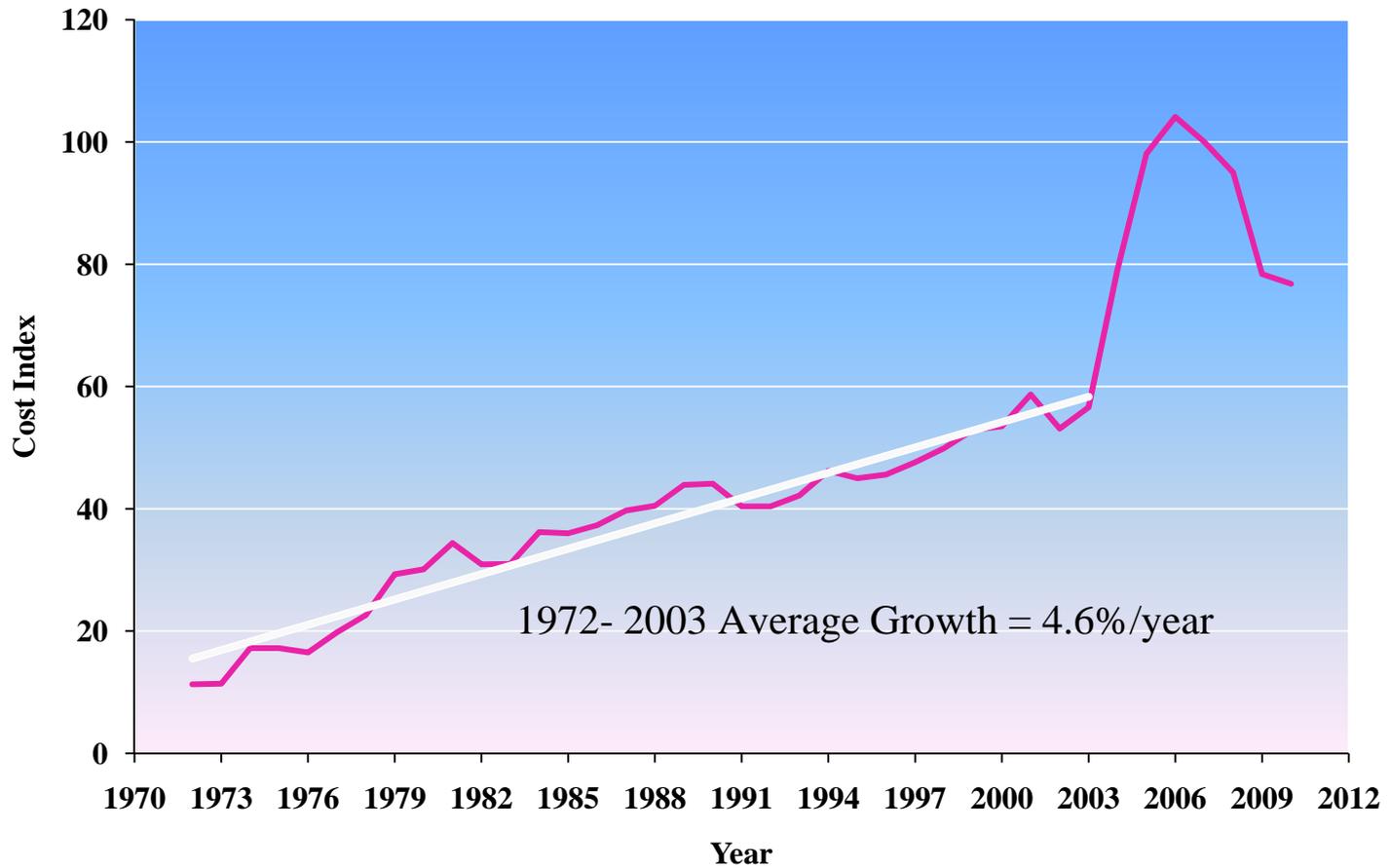
- Project location, size & accessibility
- Work windows/constraints
- Availability of Resources (remote locations)
- External factors such as fluctuating commodity prices and bidder market changes create uncertainty in estimates

U.S. Housing Starts and Average No. of Bidders



Construction Cost Index

Construction Cost Index - 1972 through 2010



Summary

- FY 10/11 has represented a return to a more stable construction bid market.
- Fluctuating market prices for construction commodities impact bids
- Caltrans will continually update our estimating practices to respond to the construction bidding environment