



Cost Estimation Process Improvement and Organizational Integration Project VISION

PURPOSE: This vision provides the overarching direction for Mn/DOT to secure the benefits of effective cost estimation and cost management. Those benefits include improved delivery of projects and program management, better use of available resources, greater credibility with the public and other stakeholders, and the satisfaction that comes with more efficiently and effectively meeting public needs.

Escalations in the costs of transportation projects from planning through design and construction have led to postponements of much-needed highway improvements, a situation that diminishes the credibility of the Minnesota Department of Transportation (Mn/DOT) with its many external stakeholders. Several reports document the impact of cost escalations and need for improvement, including:

- Mn/DOT *Cost Management Measures* reports
- Mn/DOT *Reasons for Delays* reports
- Mn/DOT project case studies

VISION: Mn/DOT will manage and control costs through a department-wide priority on cost estimating and cost management, reliable and accurate estimates, statewide uniformity and consistency, improved communication and credibility with external stakeholders, and clear accountability.

Mn/DOT leadership is committed to developing a standard process and supporting policies, integrating processes and policies across all functions, and making the necessary organizational adjustments to fulfill the vision. Key components of the vision include the following:

Department-wide priority on estimating, managing, and controlling costs

- ▶ Fully developed and integrated policies, processes, and tools for cost estimation, management, and control
- ▶ Baseline estimates that align with early project scope development and include an initial assessment of risk and uncertainty
- ▶ Clearly defined and documented cost management approval processes to authorize changes in scope and cost after the baseline estimate is established
- ▶ Dedicated resources that are focused on effective scoping, project cost estimating, and cost management

Reliable and accurate estimates

- ▶ Well-documented and complete cost estimates
- ▶ Clearly spelled out assumptions and risks that can be easily communicated

Statewide uniformity and consistency

- ▶ Uniform application and consistent statewide use of well-documented processes and tools
- ▶ Use of process and tools during planning, scoping, design, and letting phases

Improved communication and credibility with external stakeholders

- ▶ Consistent and clear communication of cost estimates to external stakeholders at milestone points
- ▶ The ability to communicate cost estimates with confidence, leading to stronger relationships with external stakeholders, greater possibility for collaboration, and increased funding support of transportation initiatives

Clear accountability

- ▶ Accountability for cost estimating and cost management at all levels of the organization
- ▶ Defined roles and responsibilities for every person involved
- ▶ Accountability that is tracked at key points in the process