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ADM-1.13 - Assigning Confidence Ratings to Project Cost Estimates

Binding City Policies (BCP)

Policy category: [Purchasing](#)

Policy number: ADM-1.13

Search Code, Charter,
Policy

Keywords

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Purpose

1. WHEREAS, it has been found that cost estimates may be assigned during the early stages of City projects, before the project scope and specifications are fully known; and
2. WHEREAS, projects may include elements that are subject to market fluctuations (i.e., asphalt, fuel, steel, etc.); and
3. WHEREAS, such early-phase project estimates may increase as the scope of the project becomes more clearly understood; and
4. WHEREAS, the Council of the City of Portland recognizes its responsibility to make informed, accurate and accountable decisions regarding projects that are funded by public monies; and
5. WHEREAS, when seeking project approval from Council, identifying a specific level of confidence on project estimates will better reflect the staff certainty that project scope and specifications have been thoroughly researched and developed, and that market fluctuations and other cost factors have been taken into account; and
6. WHEREAS, the City Council approved Resolution No. 36386 directing the Bureau of Purchases to form an internal advisory committee to determine a method for assigning levels of confidence to City project cost estimates and the criteria by which such levels of confidence are assigned; and
7. WHEREAS, under these criteria bureaus will be required to identify a specific level of confidence on project estimates for public improvements, major maintenance of public improvements and related Professional, Technical and Expert (PTE) services whenever the project estimate exceeds \$500,000 to convey a level of confidence and amount of analysis that has

been completed on the project; and

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8. WHEREAS, the Project Estimate Confidence Level Rating Index ([Exhibit A](#)) provides levels of confidence, ranging from "LOW," to "MODERATE," "HIGH," "OPTIMAL" and "COMPLETE." "LOW," indicates that the project is a conceptual "vision" with limited analysis, detail, and technical information. An "OPTIMAL" rating means that the project scope and specifications are clearly understood, well defined and the cost of project completion is unlikely to deviate significantly from the project estimate. A "COMPLETE" rating indicates that final payment has been made and a post project assessment has been completed; and

Policy

1. NOW, THEREFORE, BE IT RESOLVED that the Portland City Council is hereby directing all bureaus to immediately begin using the Project Estimate Confidence Level Rating Index whenever Council approval is necessary for public improvements, major maintenance of public improvements and related Professional, Technical and Expert (PTE) services whenever the project estimate exceeds \$500,000, thereby providing a formal method of informing the City Council of the level of confidence bureaus have in their project estimates; and
 2. BE IT FURTHER RESOLVED that City bureaus will prepare a formal post-project evaluation of Public Improvement projects or professional, technical and expert services contracts in excess of \$500,000. The purpose of this evaluation is to compare the project estimate to the amount of the contract award and to report the total amount of change orders issued during the project. The post-project evaluation will be presented to Council when requests for final payment are made; and
 3. BE IT FURTHER RESOLVED that this resolution will become binding City policy upon adoption and shall be included in the Portland Policy Documents.
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History

[Resolution No. 36430](#), adopted by City Council July 26, 2006.

Related documents

 [Link to Exhibit A](#) (20.25 Kb)

General information

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