

Budgeting & Estimating for Construction Claims & Construction Defect Litigation



May 12th, 2015

www.petefowler.com

CA 949.240.9971 OR 503.660.8670

PFCS: Who We Are

SOLUTIONS

Pete Fowler Construction Services (PFCS) specializes in creating REAL PRACTICAL SOLUTIONS for property owners & managers, builders & developers, construction contractors, product manufacturers & suppliers, lawyers and insurers.



PFCS: We Know Buildings







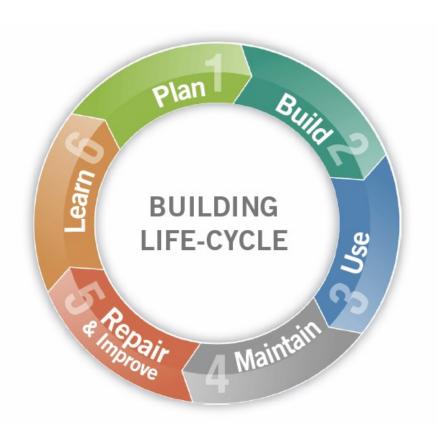








PFCS: We Know Buildings



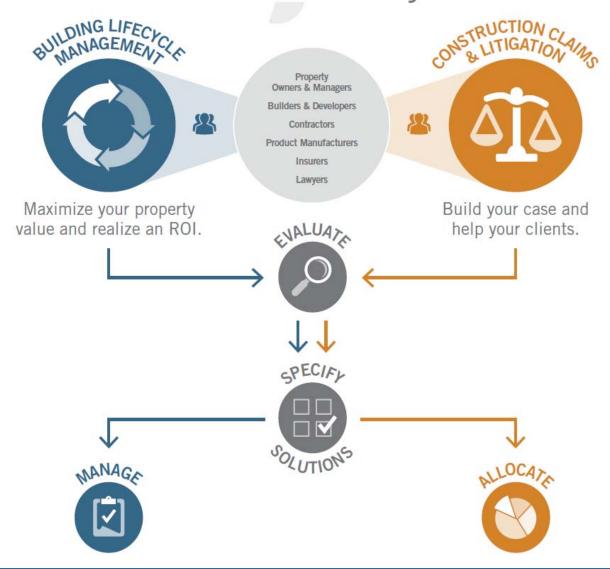
CLIENTS

- Property Owners& Managers
- Builders & Developers
- Contractors
- Product Manufacturers
- Insurers
- Lawyers



1. INTRODUCTION

The PFCS Way





The PFCS Way

ON ALL PROJECTS

Building Information Management: We pick up where Zillow and Google leave off. We use technology to collect, organize, structure and store documents and building info forever.

<u>Evaluate Performance</u>: We perform structured building inspection and testing evaluations, exceeding the highest standards.

Specify Solutions: We analyze, report, make recommendations and compose specifications and estimates for construction, maintenance & repairs.

BLM OR LITIGATION?

Manage Quality: We apply professional construction management discipline to get work done, and create and execute construction quality assurance plans.

Allocate Responsibility: For insurance and legal clients we use our expertise in evaluating, specifying and managing construction to compare what happened in problem projects to what should have. We apply professional judgment to allocate responsibility.



Program Outline

- 1. Introduction
- 2. Order of Magnitude (PFCS Level 1)
- 3. Putting It All Together
- 4. Conceptual & Preliminary (PFCS Levels 2-3)
- 5. Detailed & Bid/Construction/Trial (PFCS Levels 4-5)
- 6. Estimate Analysis
- 7. Conclusion



1. INTRODUCTION



Introduction

- Presenter Information
- Webinar Materials
- CE Certificates
- Feedback
- Learning Objectives
- Estimating Basics





Pete Fowler

CONNECT WITH PETE

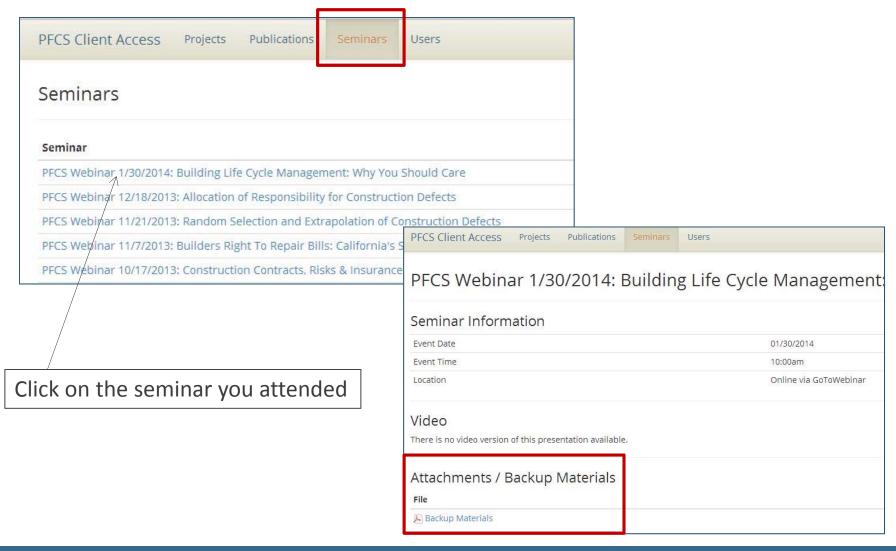
Call 949.240.9971

Email pf@petefowler.com

Find him on LinkedIn!



Webinar Materials





CE CERTIFICATES WILL BE SENT OUT WITHIN 3 BUSINESS DAYS

(There is no need to contact us, Certificates of Attendance are sent to <u>all</u> who logged in for the seminar).



Your Feedback is Important

SURVEY SAYS!



You will receive a survey link immediately following the webinar. We put a lot of effort into providing these programs free of charge, we just ask that you take a few seconds to leave your feedback on today's presentation



Learning Objectives

- Understand the Fundamentals of Estimating
- Orientation To Estimate Components
- PFCS 5 Levels 10 Steps of Estimating
- Introduction to Analysis of Estimates & Construction Costs



IDENTIFY OR ESTIMATE ALL COSTS

Costs are always an issue in solving building problems. But, it is my experience that cost is often not the primary issue, even if it appears to be.

To figure out project costs, we need to identify the steps between "where we are" and "where we want to be" and estimate the cost of the steps; it is not as hard as most people make it out to be. This is the heart of solving building problems. Like the Issues List, we can usually identify 5 to 15 steps that will move the situation to conclusion.



ESTIMATING

- Real Costs to Perform
- Labor Costs
- Material Costs
- Equipment Costs
- Detailed Quantity
 Takeoff
- Access to Site

PRICING

- Competition
- Market Conditions
- Contractor Availability
- Personal Relationships
- Payment Dependability



PURPOSE FOR ESTIMATING

- Budget / Feasibility
- Project Control / Project Management
- Bid
- Proposal
- Insurance Claim
- Litigation



BUILD THE PROJECT ON PAPER BEFORE THE REAL WORLD





SCOPE, METHOD & COSTS

	New Construction	Remodeling, Maintenance, Repairs	Construction Defect
Scope	Owner & Architect	Owner & General Contractor	Trade Experts & Lead Expert
Method	Architect, Engineer & General Contractor	General Contractor	Plaintiff Experts & Cost Estimator
Cost	General Contractor	General Contractor	Cost Estimator



TOOLS OF THE TRADE

- Pencils and paper
- Colored pens or pencils for quantity take off
- Architectural and Engineering Scales (rulers)
- Labor / Crew Rates
- Historical Cost Data?
- Forms
- Checklists (CSI, Bid Documents, Site Investigation, Direct Cost, OH, Review)
- Calculator OR Computer?
 - Estimating Software?
 - Spreadsheet Software?
- Guide Books?



ESTIMATING SKILLS

- Plan Reading
- Understanding Construction
- Construction Math
- Computer Spreadsheets



5 LEVELS

- 1. Order of Magnitude
- 2. Conceptual
- 3. Preliminary
- 4. Detailed
- 5. Bid/Construction/Trial

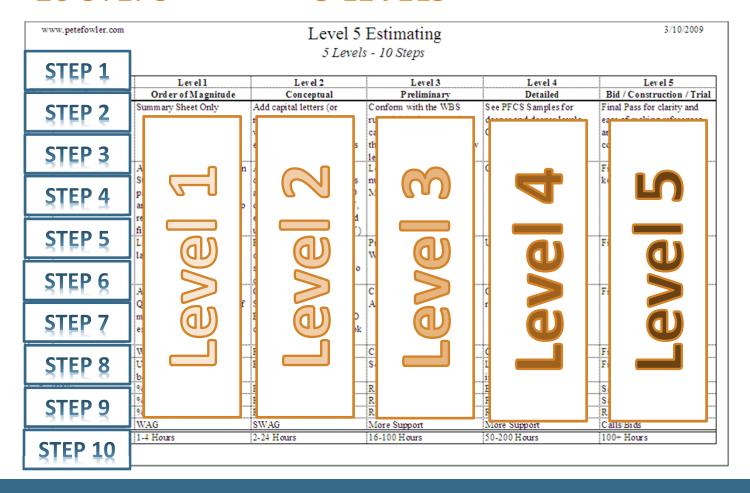
10 STEPS

- 1. Format
- 2. Scope
- 3. Time/Labor
- 4. Material
- 5. Equipment
- 6. Subs
- 7. General Conditions
- 8. Overhead
- 9. Profit
- 10. Non-Construction



10 STEPS

5 LEVELS





2. ORDER OF MAGNITUDE (PFCS LEVEL 1)

Order of Magnitude (PFCS Level 1)

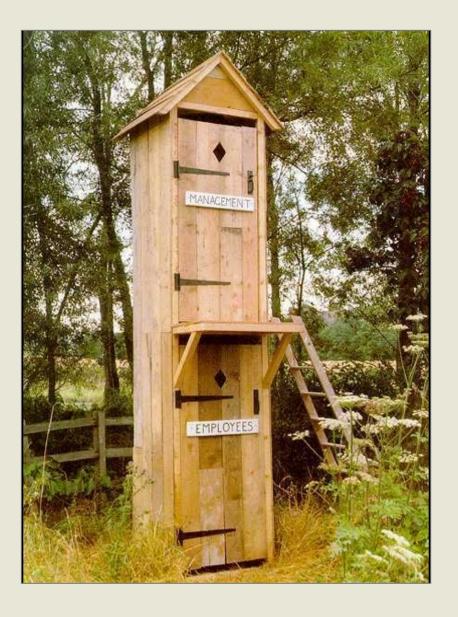
- Case Study: Otto's Outhouse
- Level 1: 10 Steps
- Case Study: Multi-Family Residential
- Case Study: Commercial
- Your Room Using Uniformat



2. ORDER OF MAGNITUDE

Case Study

PFCS' Simplified Case Study: Otto 's Outhouse





Level 1: 10 Steps

www.petefowler.com		Level 5	Estimating		3/10/2009
STEP 1	5 Levels - 10 Steps				
SIELT	Level 1	L ev el 2	Level 3	Level 4	Level 5
	Order of Magnitude	Conceptual	Preliminary	Detailed	Bid / Construction / Trial
CTED 2	Summary Sheet Only	Add capital letters (or	Conform with the WBS	See PFCS Samples for	Final Pass for clarity and
STEP 2		numbers if L1 are letters)	rules: Main Category, then	deeper and deeper levels.	ease of making references
		with 2 to 15 items under	capital letters or numbers,	Conform to rules of WBS.	and following all of the
STEP 3		each of the main categories	then alternate with each new level.		component parts.
DIELD	A	Add details with 2-10	Level 3 WBS with letters,	Complete, detailed QTO.	Final Pass. Check QTO on
	S	categories each with letters	numbers, and CSI codes.	_	keyitems.
STEP 4	p U	and CSI codes. Basic QTO	More detailed QTO.		
SIFE	as o	on main items (SF, FA, LF,			
	re	etc.) Usually not calculated			
CTED E	fi	units like Cubic Yards (CY)			
STEP 5		Rough Estimate, Typical	Productivity rates, Use	Use Walker's Labor Rates	Final Pass
SIEF 2	1a (CD)	crews. Round numbers.	Walker's book on big #s		
		slightly over estimating. No			
STEP 6		calls			
SIFER	A	QTO, Rough E stimate,	Calls, Books, Maybe	Calls, Bids, Alternatives	Final Pass
	0	Slightly over estimating.	Alternatives	refined	
CTED 7		Books only for big #.'s, NO			
STEP 7		calls unless faster than book			
DIEF /					
	V	Rough Estimate. No Calls	Calls, Books	Calls, Books, Bids	Final Pass
STEP 8	U	Books, NO calls	Some Calls	Lots of Calls, Maybe send	Final Pass
SIELS	ь			info, Maybe Bids	
4	9/	Reconsider % or Amount	Reconsider % or Amount	Broken Down	Sam e as L4
CTEDO	%	Reconsider % or Amount	Reconsider % or Amount	Possibly Broken Down	Sam e as L4
STEP 9	%	Reconsider % or Amount	Reconsider % or Amount	Reconsider % or Amount	Reconsider % or Amount
OTEL 2	WAG	SWAG	More Support	More Support	Calls/Bids
	1-4 Hours	2-24 Hours	16-100 Hours	50-200 Hours	100+ Hours
STEP 10					



Case Study: 10 Steps: Level 1

- 1. Format: Summary Sheet only
- 2. Scope: A Level 1 Work Breakdown Structure (WBS): 1 paragraph to 1 page. There are basic quantities (no real QTO) in approximate figures
- **3.** Time/Labor: Little or no breakdown of labor / time in this step.
- **4. Material:** A guesstimate. Little QTO, <u>Quantities only</u> not cost of materials. Assembly level estimates at the most.
- **5. Equipment:** WAG. Often none.
- **6. Subs:** Unit prices, WAG, Use books only on BIG #'s
- **7. General Conditions:** % of Direct Cost
- **8.** Overhead: % of Direct Cost
- **9. Profit:** % of Direct Cost
- 10. Non-Construction: WAG



Case Study: Order of Magnitude

1	Grading & Excavation	\$1,000.00
2	Framing	\$1,000.00
3	Roofing	\$500.00
4	Final Clean-Up	\$500.00
5	SUB TOTAL	\$3,000.00
6	Profit & Overhead	\$1,000.00
7	Total Construction Costs	\$4,000.00
8	Other Project Costs	\$500.00
9	TOTAL	\$4,500.00

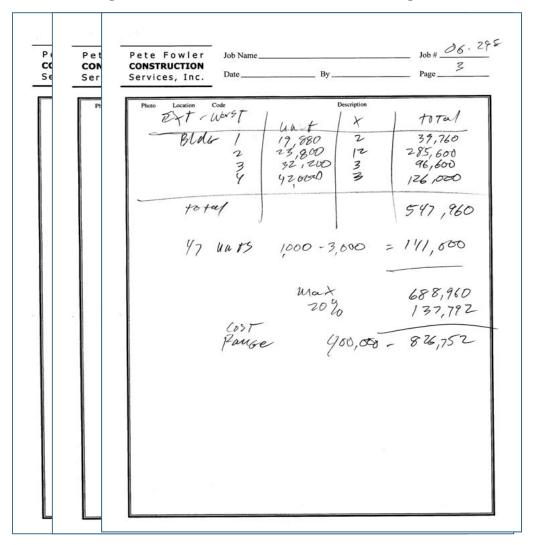


Case Study: Multi-Family Residential





Case Study: Multi-Family Residential





Case Study: Commercial





2. ORDER OF MAGNITUDE

Case Study: Commercial

Order of Magnitude

Pete Fowler **CONSTRUCTION** Services, Inc.

Order of Magnitude

Date:	January 31, 2008			
To:	FILE			
From:	Pete Fowler Construction Services, Inc.			
Project:	Thompson Gardens PFCS Project #07-331 Address: 45 SW 32 nd Ave., Somewhere, OR			
Regarding:	Order of Magnitude Estimate			
Note:	Confidential Attorney-Client and Attorney Work Product. Protected under all applicable evidence codes.			

PFCS has reviewed our inspection documentation of the exterior and interior of the building and also the results of the window testing that was performed on January 21 and 22, 2008. Our conclusions regarding the necessary repairs are as follows:

- Replace the siding on the front (south) elevation only with a rain screen siding system (approximately 6800sf)
- Replace the gypsum wall board (GWB) and oriented strand board sheathing as necessary at the front elevation (approximately 3000sf)
- 3. Replace all windows on the south elevation only (53 total)
- Replace the Ply-Trim on the entire building with cedar or redwood dimensional lumber (approximately 6000lf)
- 5. Paint entire building (approximately 15,000sf)

Costs

#	Description	#	Units	\$/Unit	Total
1	Siding Replacement (South Side Only)	6,800	SF	20.00	136,000
2	GWB & OSB Replacement	3,000	SF	16.66	50,000
3	Windows	53	EA	250.00	13,250
4	Trim replacement (peel & stick, sealant joints)	6,000	LF	10.00	60,000
5	Paint	15,000	SF	2.00	30,000
6	Subtotal				289,250
7	P & O	40%			115,700
8	Total				\$ 404,950

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Your Room Using Uniformat

Level 1 Major Group Elements	Level 2 Group Elements	Level 3 Individual Elements
A SUBSTRUCTURE	A10 Foundations	A1010 Standard Foundations A1020 Special Foundations A1030 Slab on Grade
	A20 Basement Construction	A2010 Basement Excavation A2020 Basement Walls
B SHELL	B10 Super Structure	B1010 Floor Construction B1020 Roof Construction
	B20 Exterior Enclosure	B2010 Exterior Walls B2020 Exterior Windows B2030 Exterior Doors
	B30 Roofing	B3010 Roof Coverings B3020 Roof Openings
C INTERIORS	C10 Interior Construction	C1010 Partitions C1020 Interior Doors C1030 Fittings
	C20 Stairs	C2010 Stair Construction C2020 Stair Finishes
	C30 Interior Finishes	C3010 Wall Finishes C3020 Floor Finishes C3030 Ceiling Finishes

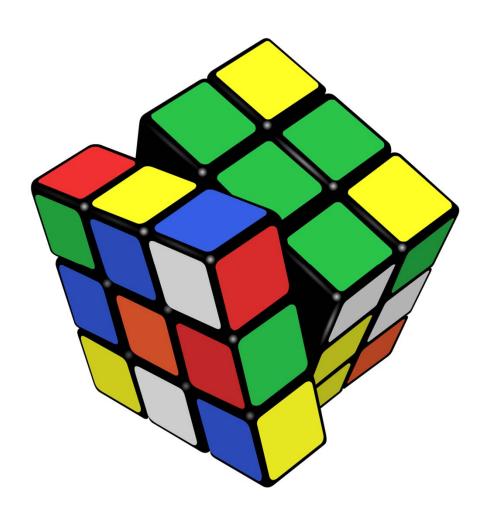


Your Room Using Uniformat

Level 1 Major Group Elements	Level 2 Group Elements	Level 3 Individual Elements
D SERVICES	D10 Conveying	D1010 Elevators & Lifts D1020 Escalators & Moving Walks
	D20 Plumbing	D2010 Plumbing Fixtures D2020 Domestic Water Distribution D2030 Sanitary Waste D2040 Rain Water Drainage
	D30 HVAC	D3010 Energy Supply D3020 Heat Generating Systems D3030 Cooling Generating Systems D3040 Distribution Systems D3090 Other HVAC Systems & Equipment
	D40 Fire Protection	D4010 Sprinklers D4020 Standpipes D4030 Fire Protection Specialties
	D50 Electrical	D5010 Electrical Service & Distribution D5020 Lighting & Bench Wiring D5030 Communications & Security
E EQUIPMENT &	E10 Equipment	E1010 Commercial Equipment E1020 Institutional Equipment
FURNISHINGS	E20 Furnishings	E2010 Fixed Furnishings E2020 Movable Furnishings
F SPECIAL	F10 Special Construction	F1010 Special Structures F1020 Integrated Construction
CONSTRUCTION & DEMOLITION	F20 Selective Building Demolition	F2010 Building Elements Demolitions F2020 Hazardous Components Abatement



3. PUTTING IT ALL TOGETHER



Putting It All Together

- 10 Steps Summary
- 5 Levels 10 Steps
- Decide on the Level of Detail
- A Sensible List
- Estimate Set-Up
- Relating the Parts
- Resources



10 Steps Summary

- 1. Format
- 2. Scope
- 3. Time (Labor)
- 4. Materials
- 5. Equipment
- 6. Independent Subcontractors
- 7. General Conditions (Project Specific OH)
- 8. Internal (Overhead) Costs
- 9. Profit
- 10. Non-Construction (Other) Costs



5 Levels – 10 Steps

Level 5 Estimating

5 Levels - 10 Steps

		Level 1	Level 2	Level 3	Level 4	Level 5		
ne	Steps	Order of Magnitude	Conceptual	Preliminary	Detailed	Bid / Construction / Tria		
	Format	Summary Sheet Only	Add capital letters (or	Conform with the WBS	See PFCS Samples for	Final Pass for clarity and		
			numbers if L1 are letters)	rules: Main Category, then	deeper and deeper levels.	ease of making references		
			with 2 to 15 items under	capital letters or numbers,	Conform to rules of WBS.	and following all of the		
			each of the main categories	then alternate with each new		component parts.		
				level				
2	Scope	A Level 1 Work Breakdown		Level 3 WBS with letters,	Complete, detailed QTO.	Final Pass. Check QTO on		
		Structure (WBS): 1	categories each with letters	numbers, and CSI codes.		keyitems.		
		paragraph to 1 page. There	and CSI codes. Basic QTO	More detailed QTO.				
		are only basic quantities (no	on main items (SF, FA, LF,					
		real QTO) in approximate	etc.) U sually not calculated					
		figures	units like Cubic Yards (CY)					
	Time/Labor	Little or no break down of	Rough Estimate, Typical	Productivity rates, Use	Use Walker's Labor Rates	Final Pass		
		labor / time in this step	crews, Round numbers,	Walker's book on big #s				
			slightly over estimating. No					
			calls					
4	Material	A guesstimate. Little QTO,	QTO, Rough E stimate,	Calls, Books, Maybe	Calls, Bids, Alternatives	Final Pass		
			Slightly over estimating.	Alternatives	refined			
		materials. Assembly level	Books only for big #.'s, NO					
		estimates at the most	calls unless faster than book					
	Equipment	WAG. Often none	Rough Estimate. No Calls	Calls, Books	Calls, Books, Bids	Final Pass		
5	Subs	Unit prices, WAG, Use	Books, NO calls	Some Calls	Lots of Calls, Maybe send	Final Pass		
	<u> </u>	books only on BIG #'s			info, Maybe Bids			
1	GC's	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Broken Down	Same as L4		
3	OH	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Possibly Broken Down	Same as L4		
)	Profit	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Reconsider % or Amount	Reconsider % or Amount		
0	Non-Construction	WAG	SWAG	More Support	More Support	Calls/Bids		
1	Time:	1-4 Hours	2-24 Hours	16-100 Hours	50-200 Hours	100+ Hours		



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3/10/2009

Decide on the Level of Detail

- Level 1: Order of Magnitude
- Level 2: Conceptual
- Level 3: Preliminary
- Level 4: Detailed
- Level 5: Bid / Construction / Trial



A Sensible List

- Why This Matters
- By Importance
- Room-by-Room (Location by Location)
- SB 800
- By Who did the Work: CSI Codes
- By Assembly: Uniformat (PFCS Standard)
- Work Breakdown Structure



A Sensible List

CONSIDER OUTLINING OR ORGANIZING USING:

- Use the Specifications or Project Manual, if one exists
- Project Activities
- CSI Master Format Codes
- Uniformat
- Residential List of Cost Categories
- Commercial / Industrial List of Cost Categories
- By Issue List or Defect List
- Homeowners List, Address or Unit Number
- DELIVERABLE: Estimate Summary sheet complete



Estimate Setup

- 1. Outline items that will be on the Estimate Summary. Usually 5-20 items
- 2. Save estimate template to the file
- Fill out Cover Page with all applicable information and identify the sheets you know will be included on the Table of Contents
- 4. Populate the Estimate Summary sheet with the items identified above
- 5. Apply any known Units on the Summary Sheet
- 6. Update figures and percentages below Sub-Total on the Summary

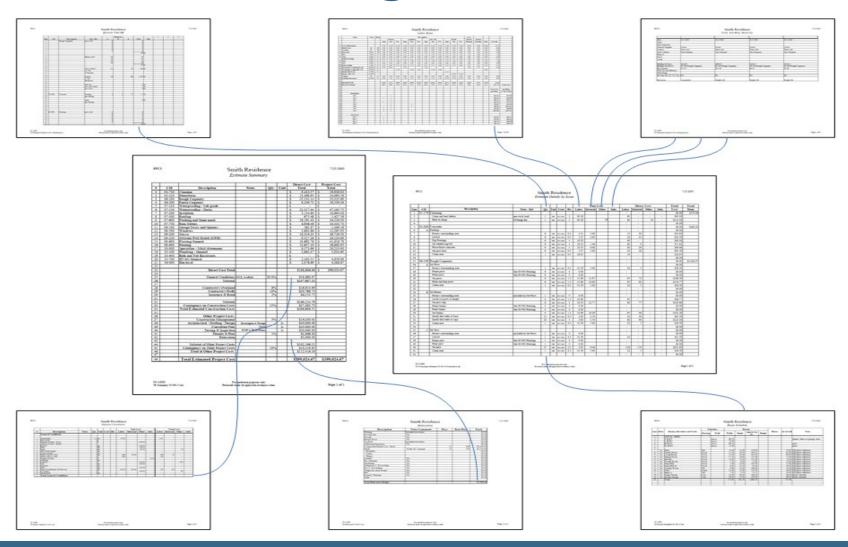


Estimate Setup

- 7. Copy the Estimate Summary line items to the Estimate Details sheet
- 8. Make 5 or more lines between each of the copied line items (categories)
- 9. Sum the items below each category on the Details page
- 10. Link line items in Estimate Summary sheet in the Direct Cost Total column to associated items copied to the Estimate Details in the Total column
- 11. Add sample data to check math on Estimate Details and Summary pages
- 12. Format the complete estimate for print including all headers and footers



Relating the Parts





Relating the Parts

ESTIMATE COMPONENTS

- 1. Title Page
- 2. Summary
- 3. Estimate Details
- 4. Unit Matrix / Room Schedule
- 5. Quantity Take Off Documentation
- 6. Labor and Crew Rates
- 7. Material Prices and Equipment Costs
- 8. Subcontractors Calls and Costs
- 9. General Conditions
- 10. Other Project Costs, including design, engineering, project management
- 11. Relocation



Resources

- Standard Estimating Practice Ninth Edition;
 American Society of Professional Estimators
- Walker's Building Estimator's Reference Book Twenty Ninth Edition; Frank R. Walker Company
- RS Means Mechanical Cost Data 2014; The Gordian Group Inc.
- RS Means Building Construction Cost Data 2014; The Gordian Group Inc.



Estimate Backup

- Any assumption that is not in the estimate should be in the backup.
- Organize it the same as the Estimate Summary.
- Include applicable codes, plans, specifications, addenda, contracts, RFIs, change orders, other project docs, inspection docs, testing, repairs, calculations, photos, markups, research, book page copies, internet research, etc.
- It does not need to be beautiful, it just needs to be complete.
- Generally create a packaged file (PDF), either one file with 100% of the backup, or a file for each estimate section.
- The electronic file should be complete, ensuring you have access to all of the backup documentation while reviewing and/or updating the estimate.



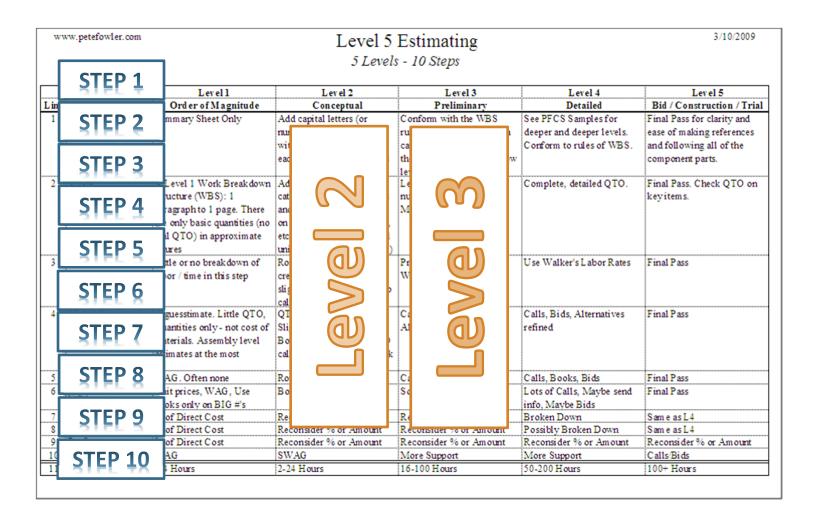
4. CONCEPTUAL & PRELIMINARY (PFCS LEVELS 2-3)

Conceptual & Preliminary

- Level 2 & Level 3: 10 Steps
- Construction Costs Flow Chart
- Using the Estimate Components
- Estimate Details
- Quantity Take Off (QTO)
- Case Study: Otto's Outhouse



Level 2 & Level 3: 10 Steps





Level 2: 10 Steps

- 1. Format: Add capital letters (or numbers if L1 are letters) with 2 to 15 items under each of the main categories
- 2. Scope: Add details with 2-10 categories each with letters and CSI codes. Basic QTO on main items (SF, FA, LF, etc.) Usually not calculated units like Cubic Yards (CY)
- **3. Time (Labor):** Rough Estimate, Typical crews, Round numbers, slightly over estimating. No calls
- **4. Materials:** QTO, Rough Estimate, Slightly over estimating. Books only for big no.'s, NO calls unless faster than book. Make links to the Calls, Subs, Bids sheet, put estimates for the material in the linked cell; when it's is updated, the new amount will automatically update
- 5. Equipment: Rough Estimate. No calls
- **6. Independent Subcontractors:** Books, NO calls
- 7. General Conditions: Reconsider % or Amount
- 8. Internal (Overhead) Costs: Reconsider % or Amount
- 9. Profit: Reconsider % or Amount
- 10. Non-Construction (Other) Costs: SWAG



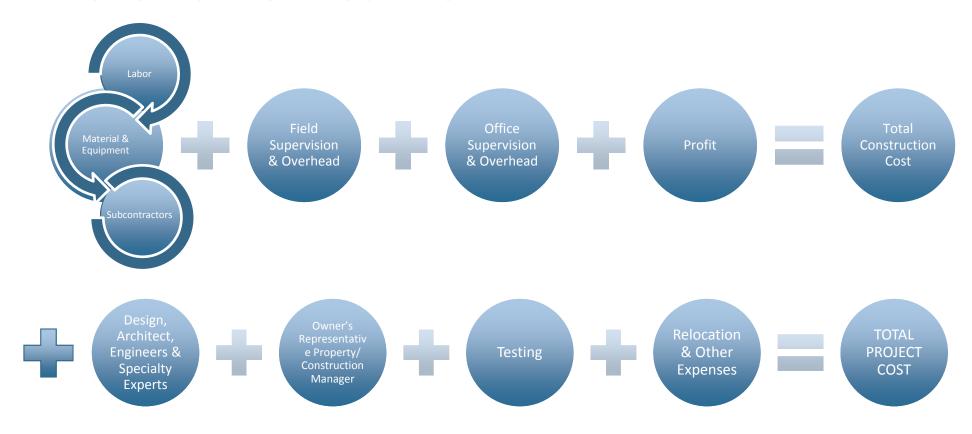
Level 3: 10 Steps

- 1. Format: Conform with the WBS rules: Main Category, then capital letters or numbers, then alternate with each new level.
- **2. Scope:** Level 3 WBS with letters, numbers, and CSI codes. More detailed QTO.
- 3. Time (Labor): Productivity rates, Use Walker's book on big numbers.
- 4. Materials: Calls, Books, Maybe Alternatives
- **5. Equipment:** Calls, Books
- **6. Independent Subcontractors:** Some Calls
- 7. General Conditions: Reconsider % or Amount
- 8. Internal (Overhead) Costs: Reconsider % or Amount
- **9. Profit:** Reconsider % or Amount
- 10. Non-Construction (Other) Costs: More support



Level 2+ Estimating

CONSTRUCTION COST FLOW CHART





Using the Estimate Components

- 1. Title Page
- 2. Summary
- 3. Estimate Details
- 4. Unit Matrix / Room Schedule
- 5. Quantity Take Off Documentation
- 6. Labor and Crew Rates
- 7. Material Prices and Equipment Costs
- 8. Subcontractors Calls and Costs
- 9. General Conditions
- 10. Other Project Costs, including design, engineering, project management
- 11. Relocation



Estimate Details

W	rww.pe	tefowler.com			-			sidence Details									8/21/2007
_	_			Unit Cost Total Cost								Categor					
Line	Code	Description	Notes / Ref.	Qty	Unit	Crew	Hrs	Labor	Material		Sub.	Labor	Material		Sub.	TOTAL	TOTAL
222	_	Hall Bath and Hall Bath WC										-	-	-		\$0.00	_
223	16-000	Test our circuits	see General Repairs			\Box	\perp					-	-	-		\$0.00	
224	00-700	Protect surrounding areas	12x5x8	1.0								22 153	11			\$32.97	
225	06-100	Replace sub floor	$\overline{}$	36.0	SF	RC2	5						50			\$203.25	
226	20-250	Replace batt insulation - R13	3 move-on	56.0	0 SF 0 SF	D2		0.79			\longrightarrow	133	18 64			\$62.79 \$197.71	
228	09-250	Replace but insulation - R13 Replace GWB, four walls and ceiling Tape & texture to match existing	2 move-on	260.0	0 LS	D2	6			-	\vdash	267	27	$\overline{}$	-	\$293.80	
229	09-900	Prime and paint 2 costs	2 110100		0 SF			0.34		$\overline{}$		89			- :	\$133.31	
230	06-200	Reinstall two doors and new casing both sides		2.0	0 LS	RC2	1.5	22.99	20.00			46				\$85.97	
231	09-000	Install wallpaper		100.0	0 SF	RC2	4	1.23	3.00			123	300	-	-	\$422.60	
232	06-200	Replace vanity	M=pre-painted	7.0	LF	RC2	2	8.76				61	1,050	-		\$1,111.30	
233	09-390	Replace countertop - tile	$\overline{}$			RC2					$\overline{}$	123	98			\$220.60	
234	09-300	Replace ceramic tile floor	-	45.0	SF	RC2 RC2	5	2.47 1.36	7.00 3.50		\vdash	153 61	434 158	-	- :	\$587.25 \$218.80	\vdash
236	10-000	Replace ceramic tile base Replace mirror - 1/4" plate glass	+			RC2					\vdash	31	200	-	H :-	\$230.65	
237	06-200	Replace medicine cabinet	+					44.49			\vdash	44		- :	- :	\$76.39	—
238	15-100	Replace toilet	+-	1.0		D2		44.49				44				\$194.49	
239	15-100	Replace totlet Replace totlet seat Replace sinks, two		1.0	0 LS	D2	1	44.49	28.00			44	28	-	-	\$72.49	
240	15-100	Replace sinks, two	$\overline{}$		0 LS			15.32				31	80	•		\$110.65	
241	15-100	Replace sink fracets, two Replace bathrub	$\overline{}$					15.32			\Box	31	120			\$150.65	
242	20,200	Replace bathhub	+	1.0		RC2		30.65 10.51			\longrightarrow	31 736	182 490			\$212.15 \$1,225.59	<u> </u>
243	26,200	Replace tile tub surround Replace bath accessory	M=Allowance	1.0							\leftarrow	730	100		- :	\$1,225.59	\vdash
245	01-710	Clean up	Dimpoter in GCs	1.0		D2		44.49		\vdash	\vdash	44		- :	- : 1	\$44.49	—
		Master Bed, Offset, Raised Area, Closet, Right Closet and		1	_		+		$\overline{}$				-			\$0.00	10,3
		Test out circuits	see General Repairs	+-	-	$\overline{}$	+	\vdash	$\overline{}$	$\overline{}$	\vdash	-	-		-	\$0.00	-
248	00-700	Protect surrounding areas	20x18x8		0 LS							22	11	-	-	\$32.97	
249	09-250	Tape & texture to match existing	2 move-on			D2						1,424		-	-	\$1,551.87	
		Prime and size wall before wall paper	M=prime only			D2					\Box	178			-	\$252.25	
		Install closet shelf, rod and organizer				D2					\longrightarrow	890				\$2,139.75	
252	26,200	Install wallpaper Reinstall four doors and new casing both sides	+			RC2 RC2					\vdash	736 46		- :	- :	\$3,707.59 \$125.97	
		Repaint door and jambs	Mask & Spray			D2					\vdash	133	79		- :	\$125.97	
		Install intercom station	M=Allowance			RC2				$\overline{}$	\vdash	31				\$180.65	
256	10-000	Install security system - control panel	M=Allowance	1.0	0 LS	RC2	1	30.65	150.00			31	150			\$180.65	
257	06-200	Install ornamental iron hand rail	M=fasteners			RC2						61			-	\$71.30	
		Paint omamental iron hand rail, 36" to 42" high	M=1 GAL			D2		177.95				178			-	\$197.72	
259	09-600	Replace carpet and pad	M=High Grade	58.0	SY	SUB	1	00.00	25.00		2.50		1,450		145		
200	01-710	Clean up	Dissipator in GCs	1.0	LS	D2	2	88.98	$\overline{}$	$\overline{}$	-	89				\$88.98	



Estimate Details

- 1. Line
- 2. Code
- 3. Description
- 4. Notes / References
- 5. Quantity
- 6. Unit
- 7. Crew
- 8. Hours

- 9. Unit Cost
 - A. Labor
 - B. Material
 - C. Other
 - D. Subcontractors
- 10.Total Cost
 - A. Labor
 - B. Materials
 - C. Other
 - D. Subcontractors
- 11.Line Total
- 12. Category Total



Quantity Take Off (QTO)

Take off, sometimes spelled as "take-off" or "takeoff," is a part of the cost estimating process in the construction industry. Estimators use construction blueprints, either manually or electronically, and start "taking off" quantities of items they will need from those blueprints in order to prepare part of the estimate. Examples of possible take offs include the number of light fixtures needed in the building plan or the amount of wiring needed for the electrical work.

Take off happens in different ways: Some do manual takeoffs from field sketches, some do on-screen take offs using estimating software programs, and some use digitizers, which are electronic measuring devices that work on hard copy plans.

Source - http://whatis.techtarget.com



Quantity Take Off (QTO)

QUANTITIES COMMONLY INCLUDE:

- SF: Square Feet
- LF: Lineal Feet
- CY: Cubic Yard
- CF: Cubic Feet
- Acre: A unit of land area equal to 4,840 square yards
- SY: Square Yard
- GAL: Gallons
- LBS: Pounds
- Ton: 2,000 pounds
- B.F.M.: Thousand Board Feet

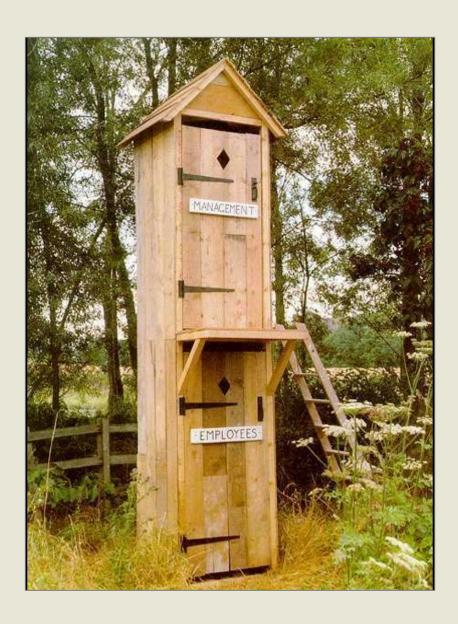


4. CONCEPTUAL & PRELIMINARY

Case Study

PFCS' Simplified Case Study: Otto 's Outhouse

Estimate the COST of this project!





5. DETAILED & BID/CONSTRUCTION/TRIAL

(PFCS LEVELS 4-5)

Detailed Estimate (PFCS Levels 4-5)

- Level 4 & Level 5: 10 Steps
- Detailed Estimating
- Refine the Estimate: Many Passes
- Peer Review
- Case Study: Thompson Gardens
- Case Study: Cuban's Manor



Level 4 & Level 5: 10 Steps

www.petefowler.com		Level 5	Estimating		3/10/2009		
		5 Levels	s - 10 Steps				
	Levell	Level 2	Level 3	Level 4	Level 5 Bid / Construction / Trial		
STEP 1	Order of Magnitude	Conceptual	Preliminary	Detailed			
SIELT	Summary Sheet Only	Add capital letters (or	Conform with the WBS	See PFCS Samples for	Final Pass for clarity and		
	-	numbers if L1 are letters)	rules: Main Category, then	deeper and deeper levels.	ease of making references		
STEP 2		with 2 to 15 items under	capital letters or numbers,	Conform to rules of WBS	and following all of the		
SIFF		each of the main categories	then alternate with each new		co		
			level.				
STEP 3	A Level 1 Work Breakdown	Add details with 2-10	Level 3 WBS with letters,	Cor	Fi		
SIFES	Structure (WBS): 1	categories each with letters	numbers, and CSI codes.		ke		
	paragraph to 1 page. There	and CSI codes. Basic QTO	More detailed QTO.				
CTED 4	are only basic quantities (no	on main items (SF, FA, LF,	-				
STEP 4	real QTO) in approximate	etc.) Usually not calculated					
JILL O	figures	units like Cubic Yards (CY)					
	Little or no breakdown of	Rough Estimate, Typical	Productivity rates, Use	Use	Fi		
STEP 5	labor / time in this step	crews, Round numbers,	Walker's book on big #s				
SIELD	The state of the s	slightly over estimating. No		U			
		calls					
STEP 6	A guesstimate. Little QTO,	QTO, Rough E stimate,	Calls, Books, Maybe	Cal	Fi		
SIEL D	Quantities only - not cost of	Slightly over estimating.	Alternatives	refi			
=	materials. Assembly level	Books only for big #.'s, NO					
STEP 7	estimates at the most	calls unless faster than book					
SIEL	esamates at the most	cars diress raster than book					
	WAG. Often none	Rough Estimate. No Calls	Calls, Books	Cal	Fi		
STEP 8	Unit prices, WAG, Use	Books, NO calls	Some Calls	Lot	Fi		
SIFE 8	books only on BIG #'s			info			
17770.	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Bro	Sa		
CTEDO	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Pos	Sa		
STEP 9	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Reconstant	Reconstact		
	WAG	SWAG	More Support	More Support	Calls/Bids		
CTED 4C	1-4 Hours	2-24 Hours	16-100 Hours	50-200 Hours	100+ Hours		
STEP 10					1000 0000		



Level 4: 10 Steps

- 1. Format: See PFCS Samples for deeper and deeper levels. Conform to rules of WBS
- 2. Scope: Complete, detailed QTO
- 3. Time (Labor): Use Walker's Labor Rates
- 4. Materials: Calls, Bids, Alternatives refined
- **5. Equipment:** Calls, Books, Bids
- 6. Independent Subcontractors: Lots of Calls, Maybe send info, Maybe Bids
- 7. General Conditions: Broken Down
- 8. Internal (Overhead) Costs: Possibly Broken Down
- 9. Profit: Reconsider % or Amount
- 10. Non-Construction (Other) Costs: More Support



Level 5: 10 Steps

- 1. Format: Final Pass for clarity and ease of making references and following all of the component parts
- 2. Scope: Final Pass. Check QTO on key items
- **3. Time (Labor):** Final Pass.
- 4. Materials: Final Pass.
- **5. Equipment:** Final Pass.
- **6. Independent Subcontractors:** Final Pass.
- 7. General Conditions: Broken Down
- 8. Internal (Overhead) Costs: Possibly Broken Down
- 9. Profit: Reconsider % or Amount
- 10. Non-Construction (Other) Costs: Calls/Bids



Detailed Estimating

REMEMBER:

- Document all assumptions, somewhere. Make plan sheet and detail references into Estimate Details sheet.
- You are building the project on paper.
- Define the scope of work in the estimate details.
- Don't get lost in the details.
- Make multiple passes at consistent depth.
- Use the phone.
- Use the internet.
- Use your resources.
- Make sketches.



Detailed Estimating

REMEMBER:

- Document all assumptions, somewhere. Make plan sheet and detail references into Estimate Details sheet.
- You are building the project on paper.
- Define the scope of work in the estimate details.
- Don't get lost in the details.
- Make multiple passes at consistent depth.
- Use the phone.
- Use the internet.
- Use your resources.
- Make sketches.



Refine the Estimate

MANY PASSES

- Compare to past experience
- Receive and evaluate Bids & Proposals from subcontractors and suppliers
- Update the estimate as necessary
- Calls and research for material and equipment costs
- Document all resources
- Scrutinize all assumptions and document conclusions
- Value Engineering
- Repeat as necessary



Peer Review

- Another estimator should conduct peer review, if possible
- If no estimator is available, then review by any other staff member is better than no review
- This is important
- Update as necessary



Case Study

THOMPSON'S GARDENS





Case Study

CUBAN'S MANOR





6. ESTIMATE ANALYSIS

Estimate Analysis

- Estimate Summary
- Estimate Comparison
- Estimate Analysis How Do You Know?
- Allocation
- Xactimate
- Case Study: Smith Residence



Estimate Summary

www.petefowler.com Construction Cost Estimate Summary									
Line	Code	Description	Notes	Qty.	Unit	Direct Cost Unit	Direct Cost Total	Construction Values	Project Co
1	02-300	Grading & Excavation		1	ls	\$1,111.00	\$1,111.00	\$1,490.96	\$1,856.5
2	315-0-25	Framing		16	sffa	\$57.00	\$912.00	\$1,223.90	\$1,524.0
		Roofing	M=Allowance	1		especial control	76XC0Y0/17.01	200010075	estados a
3			M=Allowance	2.0	sq	\$445.00	\$445.00	\$597.19	\$743.6
4	01-710	Final Clean-Up		1	ls	\$610.00	\$610.00	\$818.62	\$1,019.3
5									
6									
7									
8									
9				-					
10									
11		Direct Cost Total		-	-		\$3,078	\$4,131	\$5,143.5
12		2 12 12					****		
13		General Conditions		10.0%	-		\$307.80		
14		Subtotal					\$3,386		
16		Contractor's Overhead		10%			\$339		
17		Contractor's Profit		10%			\$339		
18		Insurance & Bond		2%			\$68		
19									
20		Subtotal					\$4,130.68		
21		Contingency on Estimated Construction Costs		10%			\$413	\$413	
22		Total Estimated Construction Costs			_		\$4,543.74	\$4,543.74	
23									
24		Other Project Costs:		5%	- la		\$227.10		
26		Construction Management Architecture/Design		5%	ls ls		\$227.19 \$227.19		
27		Structural Engineering		0			\$0.00		
28		Geotechnical Engineering		0	_		\$0.00	-	
29		Testing & Inspection		0	_		\$0.00		
30		Permits & Fees		2%	_ [\$90.87		
31		Relocation	-	0			\$0.00		
32									
33		Subtotal of Other Project Costs					\$545.25		
34		Contingency on Other Project Costs		10%			\$54.52		
35		Total of Other Project Costs					\$599.77		
36		Total Estimated Project Cost					\$5,143.52		\$5,143.52



Estimate Comparison

www.petefowler.com Windiplace 4/16/2012

Comparison of Three Estimates

			Plaintiff	Plaintiff	Pltf-Def	Pltf-Def		Defense	Defense
#	Issue	Description	Direct Cost	Project Cost	Direct Cost	Project Cost	Differences	Direct Cost	Project Cost
85	7	Mechanical, Electrical, Plumbing	C - CONCRETE COMPA		. SECHENCIESE	. Hitelander House	C SCHOOL SECTION OF		COLOR BOX P. C. CONT.
86	7.1	HVAC/Mechanical Services	0.000	E-wayney		SICA PARIL SCOTE	SHIPO-STAN-ALKSHAPA		
87	7.1.a	Unit inspection and repair of minor defects in mechanical and plumbing systems.	153,000.00	260,123.47	31,200.00	54,942.14	(205,181.33)		
88	7.1.b	Furnish and install 1800 KW unit heaters in the space above the garages.	96,000.00	163,214.73	26,760.00	47,123.45	(116,091.28)		
89	7.1.c	Allowance to provide electrical power to new 1800 KW unit heaters.	60,000.00	102,009.20	15,600.00	27,471.07	(74,538.14)		
90		Heating Deficiencies in Rooms Located above Garages - Frozen Pipes in Secondary Bathrooms						2,490.39	4,633.6
91	7.3	Attic Furnace		1				- Account A	SAMOUNE
92	7.3.1	Furnace Installed Backwards						600.00	1,116.3
93	7.3.2	Service Platform is Missing						2,511.28	4,672.5
94	7.3.3	Misc. Electrical Issues						1,555.00	2,893.2
95	7.4	Combustion air for Basement Appliances					1	6,825.00	12,698.7
96	7.5	Condensing Unit						522.42	972.03
97	7.6	Basement Floor Drains						1,917.18	3,567.1
98	7.7	Ductwork Connections						634.30	1,180.1
99	7.8	Sump Pump Piping						87.57	162.9
100	7.9	Dryer Vent						43.79	81.4
101	7.10	Improper Insulated Ductwork in Attic						600.00	1,116.3
102	7.11	Freezing Pipes at Powder Rooms						1,227.64	2,284.1
103				The state of the s	Annual Control of the	1-2-42-0-1-44-1			The College Control
104		Subtotal	2,376,675.83	4,040,713.51	1,716,785.92	3,023,201.52	(1,017,511.99)	261,957.63	487,403.00
105		0.1 (0.1 (0.1 (0.1 (0.1 (0.1 (0.1 (0.1 (3	
106	1	Supervision and Site					5		
107	1.1	Project Supervision	258,000.00	J I	200,827.20			46,704.00	
108	1.2	Site Prep and Work	60,222.58		60,222.58			8,400.00	
109		Subtotal	2,694,898.41		1,977,835.70			317,061.63	
110		A88057.00010	- CYSSINIARTSSMER						
111		Contingency (10%)	269,489.84		197,783.57			31,706.16	
112		Cumulative Subtotal 1	2,964,388.25		2,175,619.27			348,767.80	
113		VAL 7/14 1 - 20075 - KAN HAYYAN							
114		General Conditions (7.5%)	222,329.12	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	163,171.44		7	26,157.58	
115		Cumulative Subtotal 2	3,186,717.37		2,338,790.71			374,925.38	
		2015071001100100070703211	NASHO (CIP-CION)					- Personal Company	
116		Contractor Fee (20%)	637,343.47		467,758,14			74,985.08	
$\frac{116}{117}$		Cumulative Subtotal 3	3,824,060.84	1	2,806,548.85			449,910.46	
117 118		Cumulative subtotal s							
117 118		Cumulative Subtotal 3							
117 118 119		Professional Fees	216,652.67		216,652.67			37,492.54	
117 118 119 120			216,652.67		216,652.67			37,492.54	
			216,652.67 4,040,713.51	4,040,713.51	216,652.67 3,023,201.52			37,492.54 487,403.00	
117 118 119 120 121		Professional Fees		4,040,713.51					



Estimate Analysis

HOW DO YOU KNOW?

- **Keep Asking:** How do you know? Work backward from the grand total, into the sub-totals, all the way back to the cost of workmen, equipment and the materials they install. There is no special magic. It's just complicated; but not difficult.
- **Errors:** Incorrect formulas, Incorrect totals, Incorrect take offs, Incorrect links from sheet to sheet.
- Double Dipping: Duplicate scope, Duplicate materials,
 Duplicate scopes in different categories.
- Burden: Everything more than Direct Costs... Or is it?



Estimate Analysis

BURDEN





6. ESTIMATE ANALYSIS

Xactimate

PFCS Discussion

- Pricing tool (vs. Estimating)
- Common language. Industry standard.
- Used by non-technical professionals
- Detailed estimates are expensive
- Estimating is more accurate

Pete Fowler CONSTRUCTION Services, Inc.

Date:	January 16, 2004
To:	Robert Smith
	Smith Claims T: (909) 555-1149 F: (909) 555-8330 E: rSmith.Smith@verizon.net
From:	Pete Fowler
Regarding:	Xactimate Estimating vs. PFCS Method Jones-Tarzana (PF 03-275)
	5232 Avenida Hacienda, Tarzana, CA 91356
Note:	Sent via e-mail only.

Dear Bob.

It was great to speak with you yesterday regarding this project. I am following up, in writing, why our estimating method is superior to the use of Xactimate.

First some back-ground: I have testified under oath many times as an estimating expert in deposition, arbitration and trial. My qualifications include almost 20 years in the construction industry, a Bachelor of Science degree in Construction Management, I am the president of a contracting, construction management and consulting company, I am a Certified Professional Estimator (CPE), and a member of the American Society of Professional Estimators (ASPE). Some of my staff members and I have been guest speakers at ASPE meetings, as well as many other construction industry functions.

Becoming a CPE requires the generation of a peer reviewed research paper, and 2-days of rigorous examination, which together demonstrates command of the professional practice of construction cost estimating. My estimating method is in conformance with the ASPE Standard Estimating Practice Manual (SEP), which is the codification of the "best practices" in estimating which have been refined over the years by the ASPE members. The ASPE SEP Manual is in conformance with the practices of construction cost estimating being taught for decades at the university level in engineering and construction management programs all across the country and the world.

In short, our method of estimating creates a legitimate estimate of the costs to perform construction work, recognized by all construction-estimating professionals.

Xactimate is a powerful tool for the insurance industry. It allows personnel with little or no technical knowledge in construction to apply prices for common activities in insurance repair and restoration. Xactimate has become a standard program used by a large percentage of the insurance and restoration community. Xactimate has created a common vernacular and allows insurers to generate prices for typical claims with very little expense. The prices are such that regardless of the nature of the work, be it a \$500 or a \$500,000 repair, almost any restoration contractor will perform the work described in a competently composed Xactimate "estimate".

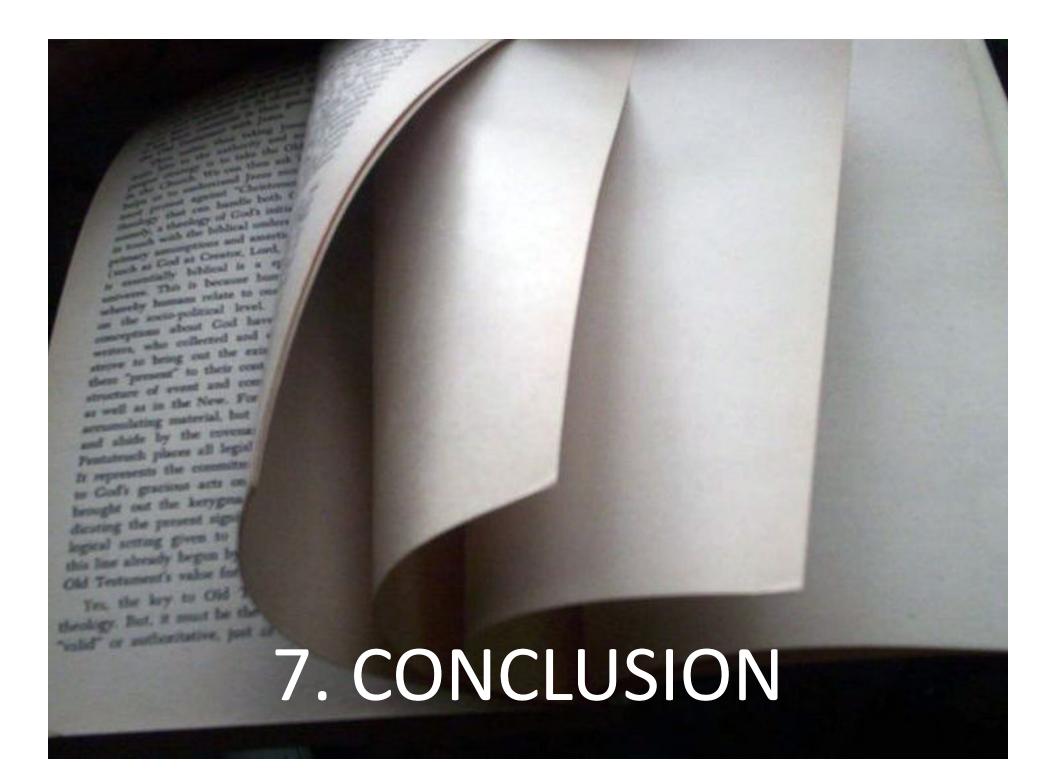
www.petefowler.com 616 S. El Camino Real, Suite N, San Clemente, CA 92672 T:949.240.9971 F:949.240.9972 E:pf@petefowler.com License:713760



Case Study: Smith Residence







Conclusion

- Estimating is a Skill and Profession
- Estimator Certification
- Learning Objectives
- Program Outline
- Back-Up Materials



Estimating is a Skill and Profession

- Levels of Estimating
- Cost vs. Price
- Estimating Analysis
- Comparison of Estimates to Bids
- Comparison of Estimates to Real Projects



Estimator Certification

- Some construction professionals dedicate their careers solely to professional cost estimating
- Becoming a Certified Professional Estimator (CPE)
 with the American Society of Professional Estimators
 (ASPE)
 - Highest professional accreditation for estimators
 - Certification is an educational process with evaluation



Learning Objectives

- Understand the Fundamentals of Estimating
- Orientation to Estimate Components
- PFCS 5 Levels 10 Steps of Estimating
- Introduction to Analysis of Estimates & Construction Costs



Program Outline

- 1. Introduction
- 2. Order of Magnitude (PFCS Level 1)
- 3. Putting It All Together
- 4. Conceptual & Preliminary (PFCS Levels 2-3)
- 5. Detailed & Bid/Construction/Trial (PFCS Levels 4-5)
- 6. Estimate Analysis
- 7. Conclusion

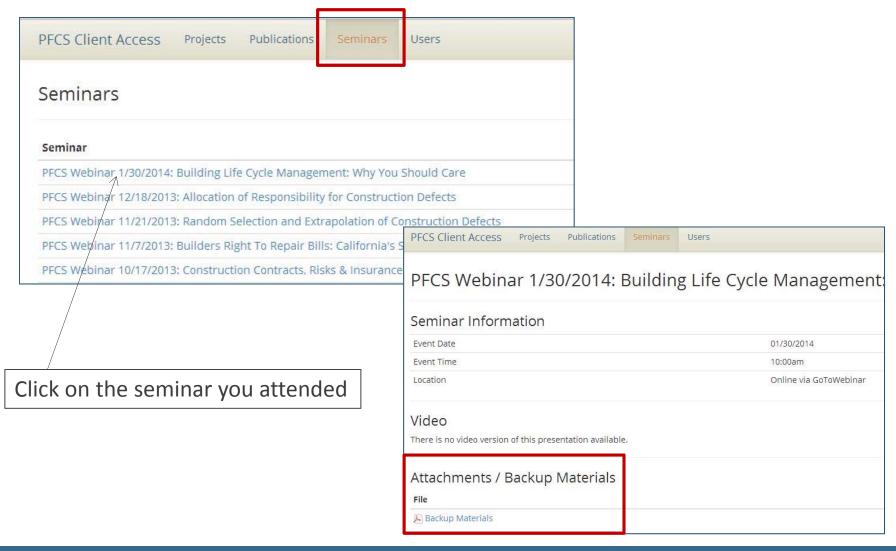


Back-Up Materials

- 1. Level 5 Estimating
- 2. Order of Magnitude Estimate
- 3. PFCS Uniformat Codes
- 4. Construction Cost Estimate
- 5. Thompson Garden Preliminary Estimate
- 6. Cuban's Manor Preliminary Estimate
- 7. Windiplace Comparison of Three Estimates
- 8. Xactimate Discussion
- 9. Smith Residence Preliminary Estimate



Webinar Materials





CE CERTIFICATES WILL BE SENT OUT WITHIN 3 BUSINESS DAYS

(There is no need to contact us, Certificates of Attendance are sent to <u>all</u> who logged in for the seminar).



Your Feedback is Important

SURVEY SAYS!



You will receive a survey link immediately following the webinar. We put a lot of effort into providing these programs free of charge, we just ask that you take a few seconds to leave your feedback on today's presentation



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End

