

# Construction Projects on Budget

Construction projects on budget: Percent of construction authorization spent

## Our strategy

Our goal is for construction costs to be 99 percent of original construction authorization or lower and to more accurately estimate costs early in project development and then manage costs (paying special attention to the tendency of complex projects to increase in scope) throughout the life of the project. In support of this goal, we ensure that any changes to the programmed construction cost are approved by program managers, (e.g. Bridge or Area Manager). We strive to continuously improve our

estimating skills – both scoping estimating (parametric estimating for different project types and elements, accounting for inflation and commodity issues) and final engineering estimating. We also use a robust construction quality control/quality assurance program coupled with a very structured statewide contract administration program to ensure effective project management.

## About the target

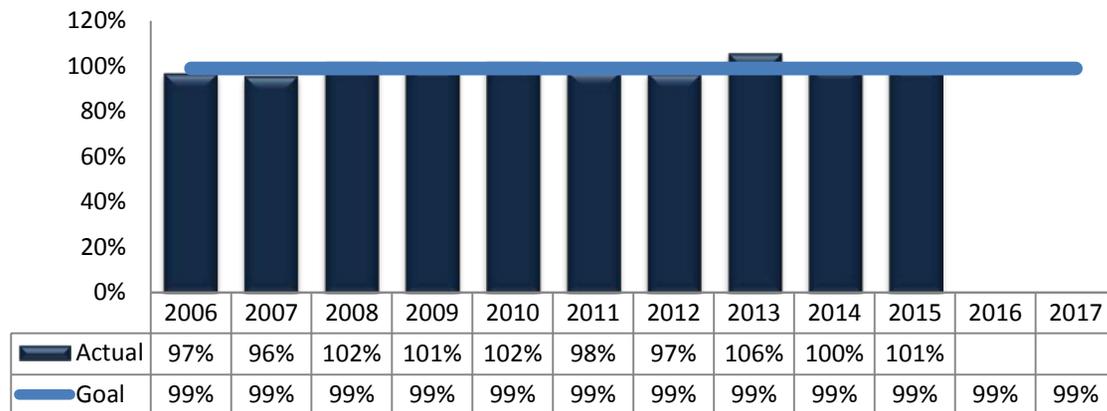
Our goal is to spend 99 percent or less of the

amount authorized to stay within budget.

## How we are doing and how we compare

In an environment of double digit inflation, previous years showed slightly higher construction costs than originally authorized, by about 1-2 percent. Many of the recent project cost increases were caused by adding federal American Recovery Response Act work to existing projects to ensure jobs were created as soon as possible. On average, project construction expenses have

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## Fact

On average, overall project construction expenses have been at approximately 100% percent of their original authorization over the last 13 years.

# Construction Projects on Budget, cont.

been at approximately 100% of their original authorization over the last 13 years. For 2011 and 2012, we once again dropped back down under 99 percent, coming in at a healthy 98 percent and 97 percent respectively. For 2013 ODOT reversed the positive trend, with projects coming in at 106 percent of the original authorization primarily due to overruns on a single project (Highway 20 - Pioneer Mountain /Eddyville).

For 2015, we came in at 101% but well within the routine variation of this measure . Due to differing methodologies and definitions, there are no direct comparisons with other states' measures.

## Factors affecting results and what needs to be done

All factors are examined when project budgets are established, but world trends such as higher than expected inflation and rises in steel, oil, and asphalt prices contribute to cost increases. Unanticipated geological features, archeological finds, or environmental

impacts may also contribute to cost increases. We must continually monitor to ensure ODOT's construction expenses remain under the authorized amount.

## About the data

For projects which final payment has been issued in the given year, the amount spent is divided by the original contract authorization. The reporting cycle is the Oregon state fiscal year. In the past, we reported data for this measure (not as a KPM) using calendar year. Projects included in this measure only include the major work types of BRIDGE, PRESERVATION, MODERNIZATION, SAFETY, and OPERATIONS. Locally administered projects and projects let through Central Services Division are not included.



## Contact information

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## Data source

ODOT Contractor Payment System (CPS) for  
Original Authorization and Construction  
Expenditures