

RECLAMATION

Managing Water in the West

Overview of the DEC Review Process

AGC Federal Contractors - Annual Conference

April 27, 2010

Washington, D.C.



U.S. Department of the Interior
Bureau of Reclamation

DEC Oversight

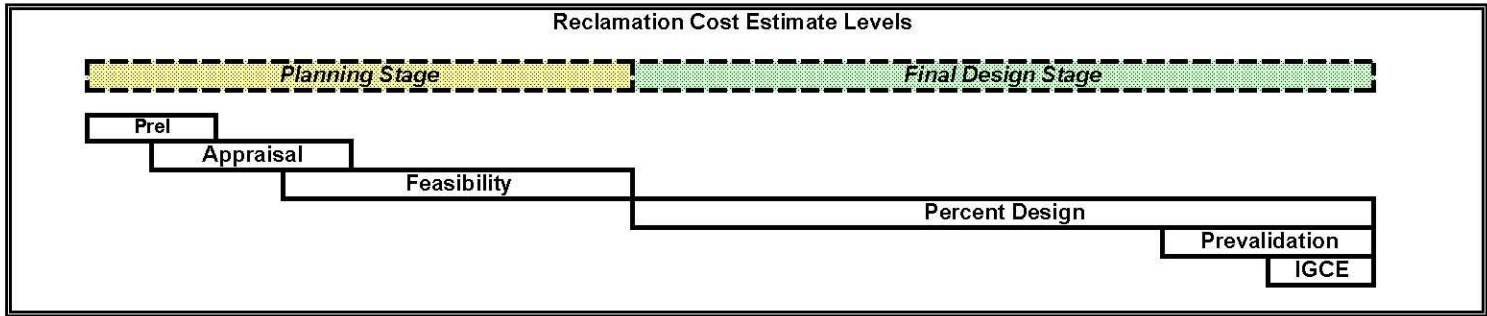
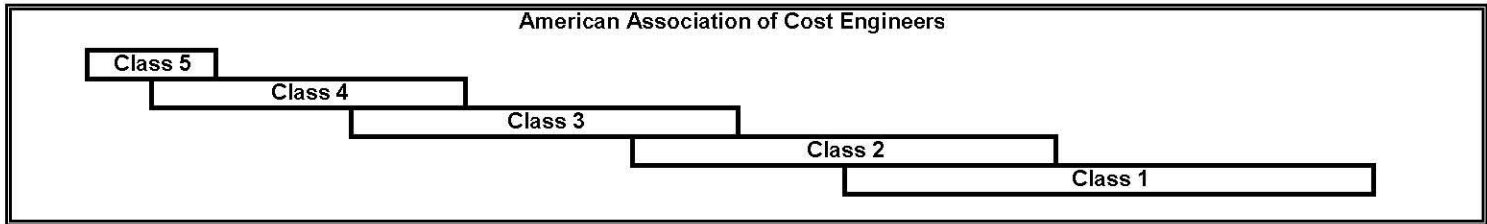
- **Senior Advisor for Design, Estimating and Construction (DEC) Position**
 - **Established 2006**
 - **Response to Cost Estimate Increases on ALP and Other Projects**
 - **Advise Senior Managers on DEC Issues**
 - **Direct the DEC Review Process**

DEC Reviews

- **Process of Independent Internal Reviews Defined by RM Policy**
 - **FAC P10 - Independent Oversight of Design, Cost Estimating, and Construction**
 - **FAC 10-01 - Identifying Design, Cost Estimating, and Construction Projects for Which Independent Oversight Review is Required, and Performing those Reviews**

DEC Review Goal

- **Assure senior managers that project designs and cost estimates are appropriate for their intended use.**
- **Focus on Planning Level Estimates**
 - **Appraisal level estimates are suitable for selecting between alternatives**
 - **Feasibility level estimates are suitably comprehensive to use for seeking appropriations**



This figure is intended to show general trends, and interpretation of AACE Class Cost Estimates and correlation to typical USBR Cost Estimates. AACE expected accuracy and percentages are not intended or implied to correlate to USBR Cost Estimates. Reference AACE International Recommended Practice No. 18R-97

DEC Review Objectives

- **Verify that products have been prepared in compliance with Reclamation practice.**
- **Risk and uncertainties associated with project cost have been understood and addressed to the appropriate level.**
- **No fatal flaws or major omissions in designs or estimates**
- **Not intended to review planning decisions, economic justification or environmental studies (except to ensure mitigation cost included)**

Selecting Projects for Review

- **Total project cost > \$10M and at feasibility level of development**
- **Report if likely to be provided to Congress or be politically sensitive (even if at appraisal level)**
- **Directed by the DCO to be reviewed**

Conducting Reviews

- **Performed under direction of the Senior Advisor, DEC**
- **4 to 5 core senior level ad hoc team members**
 - **Government or contract resources**
- **Two week duration**
- **Value added/cost effective**

Review Report

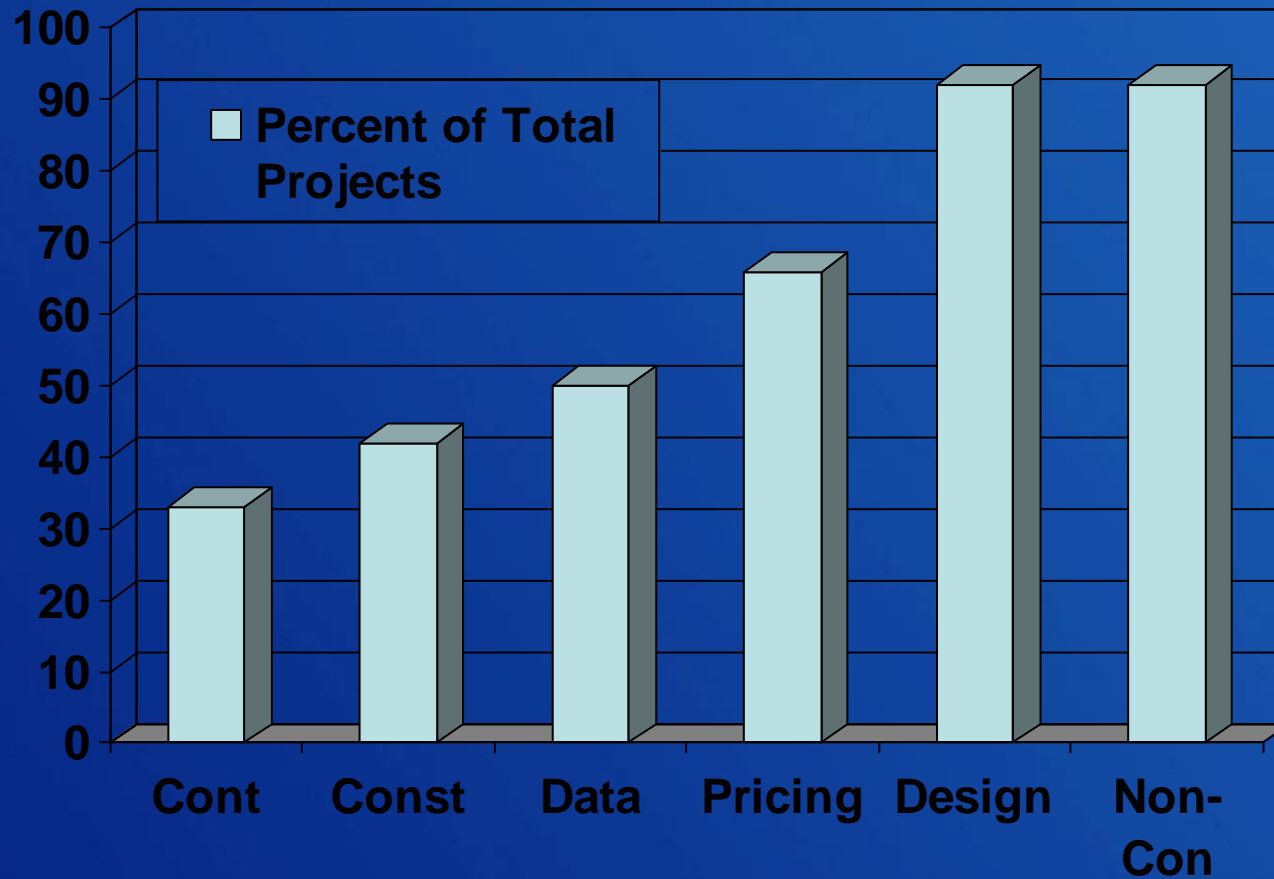
- Documents Team Findings and Recommendations
- Regional Director and Senior Advisor, DEC collaborate on mutual resolution to recommendations.
- DCO has ultimate resolution authority

Completed DEC Reviews

- Completed 30 DEC Reviews
- Over 400 recommendations
- Reviews ranged from preliminary to feasibility
- Projects \$10M to Multi Billion Dollar
- Approximately 50% of Estimates developed by A&E
- Cost per review \$35K to \$120K (Median \$72K)

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Focus of Recommendations



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Key Observations

- **Potential benefits for project improvement by;**
 - **Actively engaging technical staff in the early stages of project planning;**
 - **Creation of a Project Management Team to provide advice to the study teams from an experienced corporate wide perspective**
 - **Develop risk based strategies to inform decision makers of the residual uncertainties inherent in the resulting project cost estimates.**

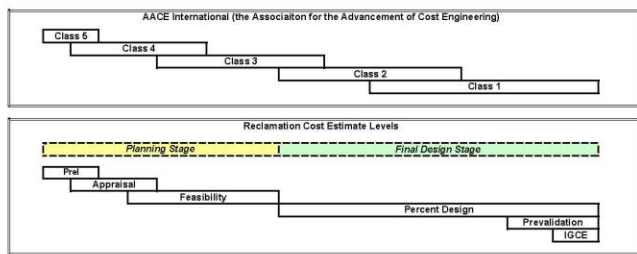
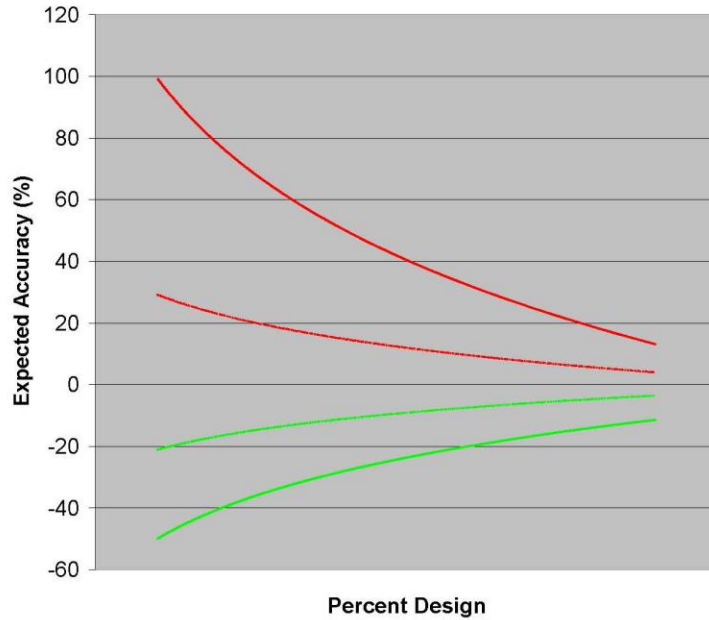
Conclusion

- **The DEC review process has:**
 - **Helped to ensure that cost estimates on numerous Reclamation projects are suitable for their intended purpose.**
 - **Provided senior managers with a more informed understanding of the risk associated with moving forward on projects that have significant uncertainties**
 - **Identified significant opportunities for improving the planning process for ongoing and future projects.**

Presenter

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DRAFT - AACE International Class Cost Estimates



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