



Standard Classification for Program and Project Estimate Summaries¹

This standard is issued under the fixed designation E 2620; the number immediately following the designation indicates the year of original adoption or, in the case of revision, the year of last revision. A number in parentheses indicates the year of last reapproval. A superscript epsilon (ϵ) indicates an editorial change since the last revision or reapproval.

1. Scope

1.1 This classification establishes a classification of cost summaries for use when estimating program and project costs.

1.2 This classification can be applied to construction programs and projects that include one or more construction work projects.

1.3 This classification is not based on permanent physical elements of construction (as defined and classified in Classification E 1557 for example); rather, the classification items are cost components common to most program and project estimates.

1.4 *This standard does not purport to address all of the safety concerns, if any, associated with its use. It is the responsibility of the user of this standard to establish appropriate safety and health practices and determine the applicability of regulatory limitations prior to use.*

2. Referenced Documents

2.1 ASTM Standards:²

E 631 Terminology of Building Constructions

E 833 Terminology of Building Economics

E 1557 Classification for Building Elements and Related Sitework—UNIFORMAT II

E 2083 Classification for Building Construction Field Requirements, and Office Overhead & Profit

E 2168 Classification for Allowance, Contingency and Reserve Sums in Building Construction Estimating

E 2514 Practice for Presentation Format of Elemental Cost Estimates, Summaries, and Analyses

2.2 Other Standard:³

MasterFormat

3. Terminology

3.1 *Definitions*—For definitions of terms used in this practice, refer to Terminologies E 833 and E 631.

3.2 *Definitions of Terms Specific to This Standard*—Definitions for the terms *program*, *project*, and *construction* are legion. For the purposes of this classification, the following variations in the terms are used.

3.2.1 *construction, n*—a discrete undertaking, requiring concerted effort, that has a specified end product and is accomplished using finite resources.

3.2.2 *construction layer, n*—contains those activities and associated costs required to manage and deliver a constructed entity.

3.2.3 *program, n*—a specific collection, or group, of projects that is directed toward a common goal that may also serve as the basis for defining and planning those projects.

3.2.4 *program layer, n*—contains those activities and associated costs required to manage and deliver a collection, or group, of projects.

3.2.5 *project, n*—a discrete undertaking, requiring concerted effort, that has defined objectives, a defined life within specific start and end points, that is usually accomplished by using finite, or limited, resources.

3.2.6 *project layer, n*—contains those activities and associated costs required to manage and deliver a project.

4. Significance and Use

4.1 Program and project estimates are a necessary part of planning and implementing any program of work.

4.2 These estimates are used by persons involved in the planning and management of programs and projects. They are an essential part of establishing initial budgets and provide a framework for continuing updates permitting cost control through the life of a program and its various projects.

4.3 Users include owners, developers, facilities programmers, financial managers, company controllers, executives, program managers, project managers, and specialist cost planners including life cycle cost analysts.

4.4 They are also of use in risk management, and also provide a consistent list of major activity phases for use in program and project time schedules.

¹ This classification is under the jurisdiction of ASTM Committee E06 on Performance of Buildings and is the direct responsibility of Subcommittee E06.81 on Building Economics.

Current edition approved Sept. 1, 2008. Published October 2008.

² For referenced ASTM standards, visit the ASTM website, www.astm.org, or contact ASTM Customer Service at service@astm.org. For *Annual Book of ASTM Standards* volume information, refer to the standard's Document Summary page on the ASTM website.

³ Available from the Construction Specifications Institute (CSI), 99 Canal Center Plaza, Suite 300, Alexandria, VA 22314, <http://www.csinet.org>.

5. Basis of Classification

5.1 *Classification Criteria*—The selected classification of terms is based on the following criteria. The terms shall:

- 5.1.1 Be readily distinguishable one from the other,
- 5.1.2 Follow generic management hierarchical lines,
- 5.1.3 Allow a distinction between primary realms of responsibility, and

5.1.4 Be appropriate to many forms of construction.

5.2 *Primary Classification*—Based on the concept of layers that overlay and incorporate subordinate layers to build an overall estimated cost picture appropriate for those charged with responsibility for the successful delivery of that layer of the whole. A program may include all the phases envisaged in the program's Whole Life Cycle and will typically include more than one project. These projects may take place at several stages in several phases in a program's life cycle and may be concurrent or sequential, or both, in their delivery. A project will include at least one constructed entity but may include more, constructed concurrently or sequentially, or both.

5.2.1 *Program Layer*—This layer “wraps” around (overlays) and includes the project layer(s) necessary to complete the whole program. It details and summarizes cash expenditures from initial identification of need or opportunity through operation and maintenance to final closure and disposal.

5.2.2 *Project Layer*—This layer “wraps” around and includes the construction layer(s). It details and summarizes those cash expenditures appropriate and necessary to delivering the constructed entity from inception to completion.

5.2.3 *Construction Layer*—This layer details the specific construction deliverable, be it a building, installation, or other constructed entity.

6. Description of Program, Project, and Construction Layers

6.1 The “Layer” Concept:

6.1.1 Programs and projects are typically structured in a hierarchical scheme wherein each layer of management has specific functions or actions, in addition to control and oversight responsibilities for those actions taken by subordinate layers. The metaphor is that each superior layer “overlays” a subordinate layer. Removing each “layer” will uncover a more specific layer beneath. This classification outlines these layers from the “top-down” although from an estimating point of view it may often be the lower (subordinate) layer that “drives” the content and magnitude of the next layer up. Some organizations may well wish to view this hierarchy in a “bottom-up” manner which may be done without changing the layer concept. **Appendix X1** uses this “bottom-up” approach.

6.1.2 There will be several levels of detail within each layer. For example, Classification **E 1557** uses the term *level* to describe its hierarchy of increasing detail supporting each Major Group Element, Group Element, Element, and Sub-Element. To avoid confusion, and allow for clarity in discussion, this classification quite specifically avoids using the term *level* when distinguishing between the three identified layers.

6.1.3 The three layers represent three readily identifiable layers of responsibility that are applicable when managing a construction program or construction project.

6.1.4 Each layer might also be likened to a “container” wherein specific functions and actions are contained and controlled. Some of the functions and actions may become more specific management applications in each succeeding (lower) layer, although others will not. They will be specific to their layer and may also contain several levels of detail.

6.1.5 **Fig. 1** provides a graphic representation of this layer hierarchy.

6.1.6 A business program may not be defined as precisely as a construction program or project in that, while it has a defined start and a specified objective, its end date may be a long way ahead or even unknown. Consequently the business objective

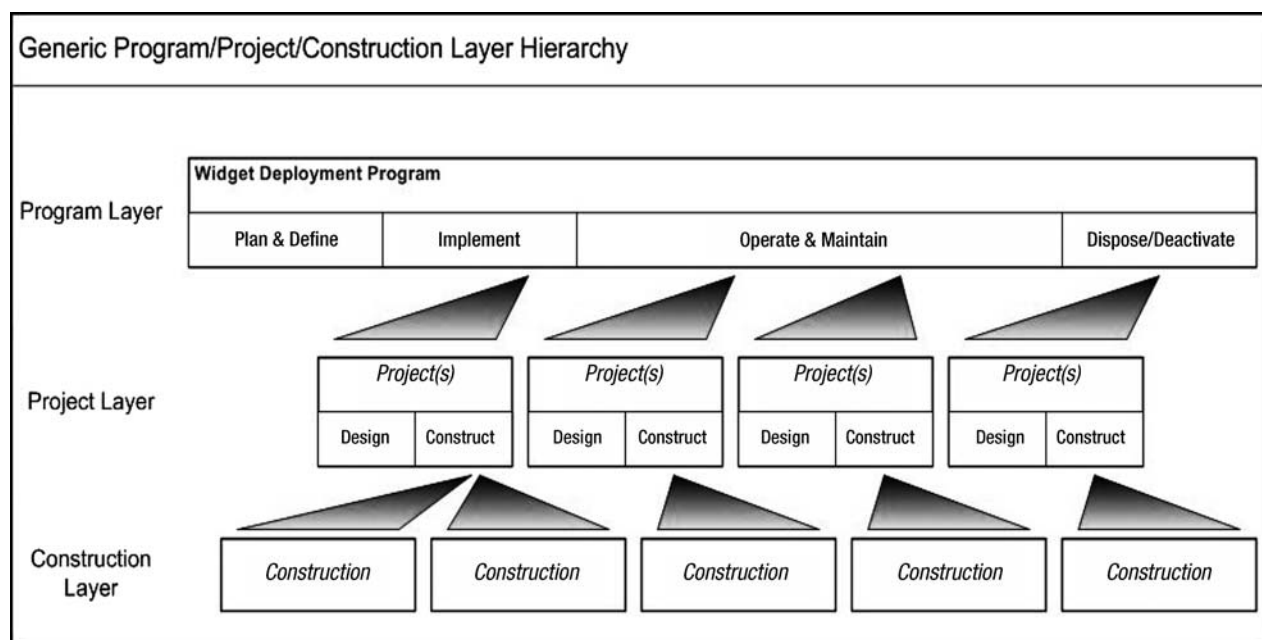


FIG. 1 Generic Layer Hierarchy

is likely to mature and evolve as changing needs and the business environment dictate. A business program may require that more than one construction program and many projects be implemented and these can occur at several stages during a business programs lifetime. Business programs typically include four major phases of activity:

- 6.1.6.1 Planning and Definition Phase,
- 6.1.6.2 Implementation Phase,
- 6.1.6.3 Operation and Maintenance Phase, and
- 6.1.6.4 Disposal and Deactivation Phase.

6.1.7 Projects are unique, are temporary, and are implemented to fulfil/meet a specific goal. Projects have an identified objective, a specific beginning, and a defined end. A project may include more than one constructed entity, and these may be constructed sequentially, concurrently, or in a combination of these two modes. Projects involving construction typically include two major phases of activity:

- 6.1.7.1 Design Phase, and
- 6.1.7.2 Construction Phase.

6.1.8 Construction refers to the physical erection of each constructed entity, be it a building, a bridge, or one of the many different construction forms extant in the built environment.

7. Program Layer

7.1 The program layer, in its entirety, is an all-encompassing, over-arching layer that typically includes all phases of the Program.

7.2 For the purposes of this classification, a program estimate will only include those program costs specific to the implementation of a planned construction program and so will exclude those other costs and activities that are a necessary part of an overall business program.

7.3 **Fig. 2** provides a generic view of the typical cost centers included within construction programs within the four primary phases of any business program.

7.4 A brief description of the typical activities that may be expected in each primary phase follows.

7.5 Plan and Define:

7.5.1 Intent:

7.5.1.1 To define an investment opportunity, a need, or a problem.

7.5.1.2 To define a solution in technical terms, financial terms, and goals.

7.5.1.3 A successful corporate entity will always be searching for improvement, either in product delivery or product availability, as a means to maximizing profit (often by cost reduction), or the identification of new investment opportunities. This ongoing activity entails some cost and research.

7.5.2 Activities:

- 7.5.2.1 Identify Opportunity.
- 7.5.2.2 Define Objective.
- 7.5.2.3 Analyze and Decide.
- 7.5.2.4 Seek Approvals.

7.5.3 Participants:

- 7.5.3.1 Program Manager.
- 7.5.3.2 Property Managers.
- 7.5.3.3 Real Estate Analysts.
- 7.5.3.4 Investment and Financial Specialists/Analysts.
- 7.5.3.5 Technical Specialists/Analysts.

7.5.4 Key Product:

7.5.4.1 Program Description.

7.5.5 Critical Decisions:

7.5.5.1 A firm decision to proceed with a new program.

7.5.5.2 Appointment of Program Manager(s) and support team(s).

7.5.5.3 Constraints—financial, time, and quality.

7.6 Implement:

7.6.1 Purpose:

7.6.1.1 To design and construct the identified needs in accordance with the Program Description and within the bounds of the identified constraints.

7.6.1.2 To design and construct the required facilities in accordance with the approved program decision. To put the requirement into action.

7.6.2 Activities:

7.6.2.1 Locate Finance, both Interim and Permanent.

7.6.2.2 Real Property Acquisition, which may include:

- (1) Purchase.
- (2) Lease.
- (3) Improvements.

(a) Planning:

- Survey.
- Rezoning/Development.
- Geotechnical Testing.

(b) Fees:

- Appraisal.
- Real Estate.
- Legal.

(c) Site Improvement:

- Primary Site Services.

Site Preparation:

- Abatement.
- Demolition.

7.6.2.3 Develop:

- (1) Project Brief.
- (2) Project (see Project Layer).
- (3) Commission.
- (4) Equipment:

(a) Installation:

- Moving/Transportation.
- Storage.

(b) Furnishings:

- Installation:
- Moving/Transportation.
- Storage.

7.6.3 Participants:

- 7.6.3.1 Project Management Team.
- 7.6.3.2 Program Manager.
- 7.6.3.3 Consultants.
- 7.6.3.4 Contractors.
- 7.6.3.5 Suppliers.

7.6.4 Documents:

7.6.4.1 Specifications, Working Drawings, and Contract Documents.

7.6.4.2 Commissioning and Maintenance Manuals.

7.6.4.3 As-Built drawings and specifications.

7.6.5 Key Product and Critical Decisions:

**GENERIC PROGRAM COST SUMMARY LAYER**

Cost Centres	Plan & Define	Implement	Operate & Maintain	Dispose Deactivate
Program Management				
Staff	<\$>	<\$>	<\$>	<\$>
Accommodation	<\$>	<\$>	<\$>	<\$>
Disbursements	<\$>	<\$>	<\$>	<\$>
Capital Expenditure				
<i>Real Property</i>				
Purchase		<\$>		
Sale				<\$>
Lease		<\$>	<\$>	
Improvements		<\$>		<\$>
<i>Capital Project(s)</i>				
see Project Layer(s)		<\$>	<\$>	<\$>
<i>Equipment</i>				
Purchase		<\$>		
Cyclical Replacement			<\$>	
Disposal				<\$>
<i>Furnishings</i>				
Purchase		<\$>		
Cyclical Replacement			<\$>	
Disposal				<\$>
<i>Signage and Wayfinding</i>		<\$>		
<i>Financing</i>				
Interim		<\$>		
Permanent		<\$>	<\$>	
Fees and Disbursements				
<i>Appraisal</i>		<\$>		<\$>
<i>Real Estate</i>		<\$>		<\$>
<i>Legal</i>		<\$>		<\$>
<i>Consultants</i>				
Surveying		<\$>	<\$>	
Planning		<\$>	<\$>	
Geotechnical		<\$>	<\$>	
Asset Management			<\$>	
Project Brief/Programming		<\$>	<\$>	
Commissioning		<\$>	<\$>	
Other		<\$>	<\$>	<\$>
<i>Disbursements</i>		<\$>	<\$>	<\$>
Facility Management				
<i>Staff</i>				
Management		<\$>	<\$>	
Tenant Services			<\$>	
Accommodation			<\$>	
Supplies			<\$>	
Operation and Maintenance				
<i>Operation</i>				
Utilities			<\$>	
Taxes			<\$>	
Insurances			<\$>	
Cleaning			<\$>	
Other			<\$>	
<i>Maintenance</i>				
Ad-Hoc/Emergency			<\$>	
Preventive			<\$>	
Grounds and Landscaping			<\$>	
Parts and Supplies			<\$>	
Other			<\$>	
<i>Cyclical Renewal</i>				
Project(s)				
see Project Layer(s)			<\$>	
Signage and Wayfinding			<\$>	
Management Reserve				
Major Scope Change		<\$>	<\$>	
Discretionary Project(s)		<\$>	<\$>	
Other		<\$>	<\$>	

FIG. 2 Program Layer

7.6.5.1 Constructed facility(ies) that meet the approved criteria of cost, quality, and time.

7.6.5.2 Acceptance of Design.

7.6.5.3 Acceptance of Building.

7.6.5.4 Compliance with Brief and Constraints.

7.7 *Operate and Maintain:*

7.7.1 *Purpose:*

7.7.1.1 To operate the facility(ies) for the life of the program.

7.7.1.2 To maintain the facility(ies) for efficient operation and in accordance with all applicable codes and regulations.

7.7.1.3 To operate and maintain the constructed entity(ies), included within the program, to ensure safe and efficient utilization.

7.7.2 *Activities:*

7.7.2.1 Operation.

7.7.2.2 Ad-Hoc Maintenance.

7.7.2.3 Alteration/Improvement:

(1) Project Brief.

(2) Project (see Project Layer).

(3) Commission.

7.7.2.4 Cyclical Renewal—Facility:

(1) Project Brief.

(2) Project (see Project Layer).

(3) Commission.

7.7.2.5 Cyclical Renewal—Equipment.

7.7.2.6 Cyclical Renewal—Furnishings.

7.7.2.7 Operate building systems.

7.7.2.8 Preventative maintenance, ongoing, and daily inspection.

7.7.2.9 Replacement of failing or failed components.

7.7.2.10 Testing.

7.7.2.11 Maintain a watching brief to identify opportunities for improvement in efficiency and performance.

7.7.2.12 Prepare Project Brief for all changes.

7.7.2.13 Once in place, the facilities require operation and maintenance for their continued safe and economic program life. This continuing process includes updating and upgrading components and systems, regular maintenance, and planned replacement of time-expired components. As in the Planning and Definition Program Phase, a continuing process of evaluation and identification of improved practices and procedures needs to be implemented, the results of which may cause additional project work or a decision to close the facility. This latter decision will prompt entry into the next program phase.

7.7.3 *Participants:*

7.7.3.1 Facility Management.

7.7.3.2 User Councils and Tenant Groups.

7.7.3.3 Project Team for changes.

7.7.4 *Documents:*

7.7.4.1 Maintenance Plan.

7.7.4.2 Cyclical Renewal Plan.

7.7.4.3 Drawings and Specifications for major work based upon a Project Brief.

7.7.5 *Product:*

7.7.5.1 Functioning and operating facility.

7.7.5.2 Documentation for all changes made.

7.7.6 *Critical Decisions:*

7.7.6.1 Failure to meet agreed standards of performance.

7.7.6.2 Revise systems or facility for greater efficiency/economy or changing needs.

7.8 *Dispose/Deactivate:*

7.8.1 *Purpose:*

7.8.1.1 To safely deactivate or dispose, or both, of facility(ies) at end of program.

7.8.1.2 To efficiently deactivate a facility and dispose of the physical assets where deemed necessary.

7.8.2 *Activities:*

7.8.2.1 Sale/Disposal.

7.8.2.2 Salvage—Demolish:

(1) Project Brief.

(2) Project (see Project Layer).

7.8.2.3 Salvage—Mothball:

(1) Project Brief.

(2) Project (see Project Layer).

7.8.3 *Participants:*

7.8.3.1 Program Manager.

7.8.3.2 Project Management Team.

7.8.3.3 Consultants.

7.8.3.4 Contractors.

7.8.4 *Documents:*

7.8.4.1 Decision documentation and Project Brief.

7.8.5 *Key Product and Critical Decisions:*

7.8.5.1 Decision to dispose or retain.

7.9 *Reserve:*

7.9.1 The term Management Reserve is a common one, but evidence is not so common that management of organizations consciously and routinely address the concept. Reference to Reserves is made in Classification **E 2168**. Whether a reserve takes the form of cash set aside (encumbered) or a listing of other planned expenditures that can be forgone, should the need arise, is clearly a management choice.

8. Project Layer

8.1 A Project Manager's main responsibility is to oversee, manage and coordinate the actions of the many individuals, consultants, contractors and suppliers needed to complete a project. The Project Manager's goal is to complete the project assignment on time and on budget while meeting the prescribed quality and scope expectations of the Program Manager.

8.2 Every project is unique. The project layer is a complete module that can be inserted into any construction program, when needed, and is not exclusive to the business program implementation phase.

8.3 Many practitioners and organizations will be familiar with the project layer although they may be unfamiliar with the overarching Program Layer (business or construction, or both).

8.4 A construction project typically includes two main phases, one of design and the other of construction. These two phases contain several discrete, sequential, phases, the successful completion of which will help ensure an efficiently delivered project.

8.5 **Fig. 3** provides a generic view of the typical cost centers included within the primary phases of any project.

8.6 A brief description of the typical activities that may be expected in each primary phase follows.

GENERIC PROJECT COST SUMMARY LAYER

Cost Centres	Plan & Define	Implement	Operate & Maintain	Dispose Deactivate
Capital Expenditure				
Construction Contract(s) see Construction Layer(s)		<\$>	<\$>	<\$>
Fees and Disbursements				
Prime Consultant				
Lead Consultant		<\$>	<\$>	<\$>
Sub-Consultants				
- Architectural		<\$>	<\$>	
- Structural		<\$>	<\$>	
- Electrical		<\$>	<\$>	
- Mechanical		<\$>	<\$>	
Special Consultants				
Project Brief		<\$>	<\$>	<\$>
Building Programming		<\$>	<\$>	
Surveying				
- Land		<\$>	<\$>	<\$>
- Building		<\$>	<\$>	<\$>
Geotechnical		<\$>	<\$>	
Planning		<\$>	<\$>	
Interior Designer		<\$>	<\$>	
Acoustic		<\$>	<\$>	
Landscaping		<\$>	<\$>	<\$>
Traffic		<\$>	<\$>	
Cost		<\$>	<\$>	<\$>
Energy		<\$>	<\$>	
Commissioning		<\$>	<\$>	
Other		<\$>	<\$>	<\$>
Disbursements		<\$>	<\$>	<\$>
Project Management				
Project Management				
Project Manager		<\$>	<\$>	<\$>
Construction Manager		<\$>	<\$>	<\$>
Clerk of Works		<\$>	<\$>	
Disbursements		<\$>	<\$>	<\$>
Contingencies				
Construction		<\$>	<\$>	<\$>
Inflation		<\$>	<\$>	
Minor Scope Change		<\$>	<\$>	<\$>
Other		<\$>	<\$>	<\$>

FIG. 3 Project Layer

8.7 Design:

8.7.1 Purpose:

8.7.1.1 To provide a considered design solution that meets client requirements in all areas of cost, time, and quality.

8.7.1.2 To develop documentation for the agreed design solution, in a form that will permit obtaining competitive construction quotations.

8.7.2 Activities:

8.7.2.1 Appoint Consultants.

8.7.2.2 Design:

(1) Schematic Design.

(2) Design Development.

8.7.2.3 Document:

(1) Construction Documents.

(2) Contract Documents.

8.7.3 Participants:

8.7.3.1 Project Manager.

8.7.3.2 Program Manager.

8.7.3.3 Consultants.

8.7.4 Documents:

8.7.4.1 Schematic Design Drawings.

8.7.4.2 Design Development Drawings and Outline Specifications.

8.7.4.3 Construction Drawings and Specifications.

8.7.4.4 Contract Documents.

8.7.5 Key Product:

8.7.5.1 Contract Documents Package.

8.7.6 Critical Decisions:

8.7.6.1 That the design meets Project and Program budget and requirements.

8.8 *Construct:*

8.8.1 *Contract:*

8.8.1.1 *Purpose:*

(1) To obtain competitive quotations for the construction works.

(2) To appoint the selected construction contractor(s).

(3) To ensure the satisfactory execution and completion of the construction works in accordance with the approved documentation.

8.8.1.2 *Activities:*

(1) Obtain quotation(s).

(2) Select/Appoint Contractor(s).

(3) Sign Contract Documents.

(4) Construct (see Construction Layer).

8.8.1.3 *Participants:*

(1) Project Manager.

(2) Program Manager.

(3) Consultants.

(4) Contractor(s).

8.8.1.4 *Documents:*

(1) Signed Construction Contract.

8.8.1.5 *Key Product:*

(1) Completed Construction.

8.8.1.6 *Critical Decisions:*

(1) That the quotation and contract meets all specified requirements.

8.9 *Project Management*

8.9.1 *Purpose:*

8.9.1.1 To manage the key activities required to deliver the desired solution on behalf of the client.

8.9.1.2 To act as the Client's representative in all contractual matters in accordance with the Program Manager's needs.

8.9.2 *Activities:*

8.9.2.1 Coordinate and manage the project.

8.9.3 *Participants:*

8.9.3.1 Project Manager.

8.9.3.2 Project Manager's Team members.

8.9.4 *Documents:*

8.9.5 *Key Product:*

8.9.5.1 A completed construction project.

8.9.6 *Critical Decisions:*

8.9.6.1 That the constructed entity meets all specified and contractual requirements.

8.10 *Contingency:*

8.10.1 In planning and budgeting, sums of money are set aside for unplanned but reasoned risk events. Expenditure of these monies is usually contingent upon the unplanned events occurring, and typically at the discretion of the Project Manager. Reference to Contingencies is made in Classification E 2168.

9. **Construction Layer**

9.1 This layer summarizes the estimated or actual cost of construction. For the purposes of this classification, the construction layer includes the basic constructed entity only. Practice E 2514 provides a detailed description, discussion, and three examples of the estimate presentation format using the elemental classification described in Classification E 1557 when supported by Classifications E 2083 and E 2168. Other construction summary formats will be used when applying estimating techniques that rely upon trade- or specification/product-based (MasterFormat) estimating techniques.

9.2 Each construction entity (building, structure, etc.) is recorded individually and so there may be several discrete construction accountings included within the construction layer.

9.3 As noted earlier, construction activity typically occurs as part of a Project, and projects can occur on several occasions through the life of a Program.

9.3.1 *Purpose:*

9.3.1.1 To physically construct the required works.

9.3.2 *Activities:*

9.3.2.1 Sign contract.

9.3.2.2 Mobilize.

9.3.2.3 Construct.

9.3.2.4 Substantial Completion.

GENERIC CONSTRUCTION COST SUMMARY LAYER				
Cost Centres	Plan & Define	Implement	Operate & Maintain	Dispose Deactivate
Cost Estimate				
Elemental		<\$>	<\$>	
Trade/Product		<\$>	<\$>	<\$>
Cost Summary				
Elemental		<\$>	<\$>	
Trade/Product		<\$>	<\$>	<\$>
Cost Analysis				
Elemental		<\$>	<\$>	
Trade/Product		<\$>	<\$>	<\$>

FIG. 4 Construction Layer

9.3.2.5 Final Completion and Close-Out.

9.3.3 *Participants:*

9.3.3.1 Project Management Team.

9.3.3.2 Consultants.

9.3.3.3 Contractor(s).

9.3.4 *Documents:*

9.3.4.1 Certificate of Completion.

10. Alternate Project Delivery/Contract Arrangements

10.1 While the foregoing description and classification generally applies to all forms of construction delivery/contracting arrangements, there are some possible specific exceptions.

10.2 **Appendix X2** includes a brief description of five main forms of construction contracting. They are displayed in chart form, with the contents classified into the three layers—program, project, and construction. These charts show that, with the possible exception of the Design Build form of contract and specifically its design work, that activities apply consistently within each layer despite their varied contractual arrangement.

11. Keywords

11.1 budgeting; construction; construction cost summary; cost; planning; program; program cost summary; program manager; project; project cost summary; project manager

APPENDIXES

(Nonmandatory Information)

X1. COST SUMMARIES

INTRODUCTION

The following is an example of cost summaries drawn on the basis of the foregoing standard. The costs are summarized and allocated to fiscal years to form a cash flow projection as well. As noted within this classification, these examples are prepared using a “bottom-up” hierarchy where construction layer cost is displayed as the prime “cost driver.”

Examples of Construction Layers (in elemental format) may be found in the Appendices of Classification **E 1557** and Practice **E 2514**.

X1.1 Program Summary and Cash Flow (Apportioned)

X1.1.1 This example includes the Program Costs that the Client expressly wished be included in the Construction Program Approval document and does not include any business program costs. It is also a summation of two projects. See **Fig. X1.1**.

X1.2 Construction Project Summary and Cash Flow—Widget Factory #1

X1.2.1 The first project included in the Program. See **Fig. X1.2**.

X1.3 Construction Project Summary and Cash Flow—Widget Distribution Center

X1.3.1 The second project included in the Program. See **Fig. X1.3**.

X1.4 Client Apportioned Program Cost Summary and Cash Flow

X1.4.1 This indicates the sums of money, apportioned by the Client, from the overall business program that the Client has required be included within the Construction Program Approval. See **Fig. X1.4**.



Widget Deployment Program Program Summary and Cash Flow (Apportion)

2003.11.00 Current Dollars	Project Approval 2001	Fiscal Year Actual 2001/02	2002/03	Fiscal Year Forecast 2003/04	2004/05	2005/06	2006/7	Forecast Total 2007
Construction Layer								
Construction								
Widget Factory #1	\$10,886,100	\$0	\$0	\$350,000	\$8,000,000	\$2,550,000	\$600,000	\$11,500,000
Widget Distribution Centre	\$2,152,000	\$0	\$648,000	\$499,900	\$842,100	\$167,500	\$0	\$2,157,500
Construction Sub-Total	\$13,038,100	\$0	\$648,000	\$849,900	\$8,842,100	\$2,717,500	\$600,000	\$13,657,500
Project Layer								
Fee and Disbursements								
Consultants								
Widget Factory #1	\$1,769,600	\$0	\$1,195,200	\$280,900	\$280,000	\$96,100	\$25,300	\$1,877,500
Widget Distribution Centre	\$490,500	\$360,000	\$30,000	\$27,000	\$27,000	\$12,000	\$0	\$456,000
Project Management								
Widget Factory #1	\$548,200	\$32,500	\$191,500	\$87,500	\$104,000	\$83,000	\$51,500	\$550,000
Widget Distribution Centre	\$98,000	\$25,000	\$25,000	\$17,500	\$18,000	\$12,000	\$0	\$97,500
Fees and Disbursements Sub-Total	\$2,906,300	\$417,500	\$1,441,700	\$412,900	\$429,000	\$203,100	\$76,800	\$2,981,000
Contingencies								
Widget Factory #1	\$816,500	\$0	\$0	\$0	\$400,000	\$100,000	\$100,000	\$600,000
Widget Distribution Centre	\$200,000	\$0	\$0	\$50,000	\$50,000	\$150,000	\$0	\$250,000
Contingencies Sub-Total	\$1,016,500	\$0	\$0	\$50,000	\$450,000	\$250,000	\$100,000	\$850,000
PROJECT TOTAL	\$16,960,900	\$417,500	\$2,089,700	\$1,312,800	\$9,721,100	\$3,170,600	\$776,800	\$17,488,500
Program Layer								
Client Apportioned Cost								
Program Management	\$2,784,400	\$442,000	\$598,000	\$604,000	\$618,000	\$633,000	\$405,000	\$3,300,000
Widget Manufacturing Equipment	\$0	\$0	\$150,000	\$150,000	\$152,000	\$155,000	\$86,000	\$693,000
Furnishings	\$210,000	\$0	\$0	\$0	\$0	\$0	\$210,000	\$210,000
Client (Management) Reserve								
Reserve Funds	\$2,994,400	\$442,000	\$748,000	\$754,000	\$770,000	\$788,000	\$701,000	\$4,203,000
	\$750,000	\$0	\$0	\$0	\$0	\$250,000	\$500,000	\$750,000
PROGRAM TOTAL	\$20,705,300	\$859,500	\$2,837,700	\$2,066,800	\$10,491,100	\$4,208,600	\$1,977,800	\$22,441,500
								164.3%

FIG. X1.1 Widget Deployment Program—Program Summary and Cash Flow (Apportion)

Widget Factory #1
Construction Project Summary and Cash Flow

2003.11.00	Current Dollars	Project Approval 2001	Fiscal Year Actual 2001/022002/03		Fiscal Year Forecast 2003/042004/052005/062006/7				Forecast Total 2007	
Construction Layer										
Construction										
South Building	\$9,856,100	\$0	\$0	\$0	\$8,000,000	\$2,000,000	\$0	\$10,000,000	87.0%	
West Building	\$0	\$0	\$0	\$350,000	\$0	\$0	\$0	\$350,000	3.0%	
Associated Sitework	\$1,030,000					\$550,000	\$600,000	\$1,150,000	10.0%	
Widget Factory #1	\$10,886,100	\$0	\$0	\$350,000	\$8,000,000	\$2,550,000	\$600,000	\$11,500,000	100.0%	
Construction Sub-Total	\$10,886,100	\$0	\$0	\$350,000	\$8,000,000	\$2,550,000	\$600,000	\$11,500,000	100.0%	
Project Layer										
Fees and Disbursements										
Consultants										
Prime Consultant Fees	\$1,469,600		\$955,200	\$220,900	\$270,000	\$86,100	\$20,300	\$1,552,500	13.5%	
Sub-Consultant Fees	(included with Prime Consultant Fee)							\$0	0.0%	
Specialist Consultant Fees	\$175,000		\$175,000	\$50,000				\$225,000	2.0%	
Other Consultant and Advisory Fees	\$0							\$0	0.0%	
Disbursements	\$125,000		\$65,000	\$10,000	\$10,000	\$10,000	\$5,000	\$100,000	0.9%	
Widget Factory #1	\$1,769,600	\$0	\$1,195,200	\$280,900	\$280,000	\$96,100	\$25,300	\$1,877,500	16.3%	
Project Management										
Project Management Team Fee	\$408,200	\$25,000	\$85,000	\$70,000	\$100,000	\$80,000	\$50,000	\$410,000	3.6%	
Associated Advisors and Managers	\$115,000	\$5,000	\$100,000	\$10,000	\$0	\$0	\$0	\$115,000	1.0%	
Disbursements	\$25,000	\$2,500	\$6,500	\$7,500	\$4,000	\$3,000	\$1,500	\$25,000	0.2%	
Widget Factory #1	\$548,200	\$32,500	\$191,500	\$87,500	\$104,000	\$83,000	\$51,500	\$550,000	4.8%	
Fees and Disbursements Sub-Total	\$2,317,800	\$32,500	\$1,386,700	\$368,400	\$384,000	\$179,100	\$76,800	\$2,427,500	21.1%	
Contingencies										
Construction	\$816,500				\$400,000	\$100,000	\$100,000	\$600,000	5.2%	
Other	\$0							\$0	0.0%	
Widget Factory #1	\$816,500	\$0	\$0	\$0	\$400,000	\$100,000	\$100,000	\$600,000	5.2%	
Contingencies Sub-Total	\$816,500	\$0	\$0	\$0	\$400,000	\$100,000	\$100,000	\$600,000	5.2%	
PROJECT TOTAL		\$14,020,400	\$32,500	\$1,386,700	\$718,400	\$8,784,000	\$2,829,100	\$776,800	\$14,527,500126.3%	

FIG. X1.2 Widget Factory #1—Construction Project Summary and Cash Flow

Widget Distribution Centre

Construction Project Summary and Cash Flow

2003.11.00 Current Dollars	Project Approval 2001	Fiscal Year Actual 2001/02 2002/03		Fiscal Year Forecast 2003/04 2004/05 2005/06 2006/7				Forecast Total 2007		
Construction Layer										
Construction										
Building	\$2,152,000		\$648,000	\$499,900	\$842,100	\$167,500	\$0	\$2,157,500	100.0%	
Associated Sitework	\$0							\$0	0.0%	
Widget Distribution Centre	\$2,152,000	\$0	\$648,000	\$499,900	\$842,100	\$167,500	\$0	\$2,157,500	100.0%	
Construction Sub-Total	\$2,152,000	\$0	\$648,000	\$499,900	\$842,100	\$167,500	\$0	\$2,157,500	100.0%	
Project Layer										
Fee and Disbursements										
Consultants										
Prime Consultant Fees	\$290,500	\$200,000	\$25,000	\$25,000	\$25,000	\$10,000		\$285,000	13.2%	
Sub-Consultant Fees (included with Prime Consultant Fee)								\$0	0.0%	
Specialist Consultant Fees	\$175,000	\$150,000						\$150,000	7.0%	
Other Consultant and Advisory Fees	\$0							\$0	0.0%	
Disbursements	\$25,000	\$10,000	\$5,000	\$2,000	\$2,000	\$2,000		\$21,000	1.0%	
Widget Distribution Centre	\$490,500	\$360,000	\$30,000	\$27,000	\$27,000	\$12,000	\$0	\$456,000	21.1%	
Project Management										
Project Management Team Fee	\$80,700	\$20,000	\$20,000	\$15,000	\$15,000	\$10,000	\$0	\$80,000	3.7%	
Associated Advisors and Managers	\$0							\$0	0.0%	
Disbursements	\$17,300	\$5,000	\$5,000	\$2,500	\$3,000	\$2,000	\$0	\$17,500	0.8%	
Widget Distribution Centre	\$98,000	\$25,000	\$25,000	\$17,500	\$18,000	\$12,000	\$0	\$97,500	4.5%	
Fees and Disbursements Sub-Total	\$588,500	\$385,000	\$55,000	\$44,500	\$45,000	\$24,000	\$0	\$553,500	25.7%	
Contingencies										
Construction	\$200,000	\$0	\$0	\$50,000	\$50,000	\$150,000		\$250,000	11.6%	
Other	\$0							\$0	0.0%	
Widget Distribution Centre	\$200,000	\$0	\$0	\$50,000	\$50,000	\$150,000	\$0	\$250,000	11.6%	
Contingencies Sub-Total	\$200,000	\$0	\$0	\$50,000	\$50,000	\$150,000	\$0	\$250,000	11.6%	
PROJECT TOTAL	\$2,940,500	\$385,000	\$703,000	\$594,400	\$937,100	\$341,500	\$0	\$2,961,000	137.2%	

FIG. X1.3 Widget Distribution Center—Construction Project Summary and Cash Flow

**Widget Deployment Program****Client Apportioned Program Cost Summary and Cash Flow**

2003.11.00 Current Dollars		Project Approval 2001		Fiscal Year Actual 2001/02 2002/03		Fiscal Year Forecast 2003/04 2004/05 2005/06 2006/7				Forecast Total 2007									
Program Layer																			
Client Apportioned Cost																			
Program Management		\$2,784,400		\$442,000		\$598,000		\$604,000		\$618,000		\$633,000		\$405,000		\$3,300,000		78.5%	
Staff		incl.														incl.			
Accommodation		incl.														incl.			
Supplies		incl.														incl.			
Widget Manufacturing Equipment		\$0		\$0		\$150,000		\$150,000		\$152,000		\$155,000		\$86,000		\$693,000		16.5%	
Furnishings		\$210,000												\$210,000		\$210,000		5.0%	
Client (Management) Reserve																			
Reserve Funds		\$2,994,400		\$442,000		\$748,000		\$754,000		\$770,000		\$788,000		\$701,000		\$4,203,000		100.0%	
		\$750,000		\$0		\$0		\$0		\$0		\$250,000		\$500,000		\$750,000		17.8%	
PROGRAM TOTAL		\$3,744,400		\$442,000		\$748,000		\$754,000		\$770,000		\$1,038,000		\$1,201,000		\$4,953,000		117.8%	

X2. COMMON CONTRACTUAL/PROCUREMENT ARRANGEMENTS

INTRODUCTION

There are many forms of contractual and procurement arrangement that a client/owner may use to deliver the needed facilities inherent within any business program. The form chosen may be a common one or a hybrid version, based on these common forms.

The form of contractual arrangement may change the layer within which specific costs are recorded and managed. However these exceptions are considered to be few. The following five sections are designed to demonstrate, in a generic manner, the most common forms of contract/procurement arrangement delivery. They graphically display where each major activity fits within the program, project, and constructions layers in compliance with this classification.

Note that the following five examples of procurement methods are not exclusive, and they are displayed here to demonstrate that the three layer (program, project, construction) cost concept differs little when recording estimated or actual program/project cost, no matter the procurement arrangement. Although various combinations and permutations of these five basic procurement methods are often employed to suit a client's needs and circumstances creating a custom tailored, specific, hybrid procurement arrangement(s), the three layer principle does not change.

X2.1 Design Bid Build

X2.1.1 Arguably the most common approach to building planning and construction where the Client takes the role of managing the program/project using designated employees to form a project team(s).

X2.1.2 Should this expertise not exist "in-house" then services are purchased from "outside." While typically in the form of design and engineering consultants and contractor(s) in some circumstances there is a need to engage project management expertise as well. See X2.5, Project Management Procurement. See Fig. X2.1.

X2.2 Design Build

X2.2.1 The prime difference in Design-Build procurement, when compared to the traditional Design-Bid-Build approach, is that the design and engineering consultants are employed directly by the constructor. Depending upon the actual contractual arrangements the cost of these services may be difficult to obtain and so will most likely be recorded within the construc-

tion layer, whereas in other forms of procurement they will be known and recorded as part of the project layer. See Fig. X2.2.

X2.3 Construction Manager as Agent/Advisor

X2.3.1 Employing a construction manager as agent places that role and its identified cost within the project layer. See Fig. X2.3.

X2.4 Construction Manager at Risk

X2.4.1 Using construction manager at risk procurement places the construction management cost within the construction layer. While perhaps deemed to be more transparent the arrangement differs little from the traditional design-bid-build approach when recording estimated or actual program/project cost. See Fig. X2.4.

X2.5 Project Management Procurement

X2.5.1 As noted in X2.1, this approach, when recording estimated or actual program/project cost, differs only in the need to employ an outside project management consultant. See Fig. X2.5.

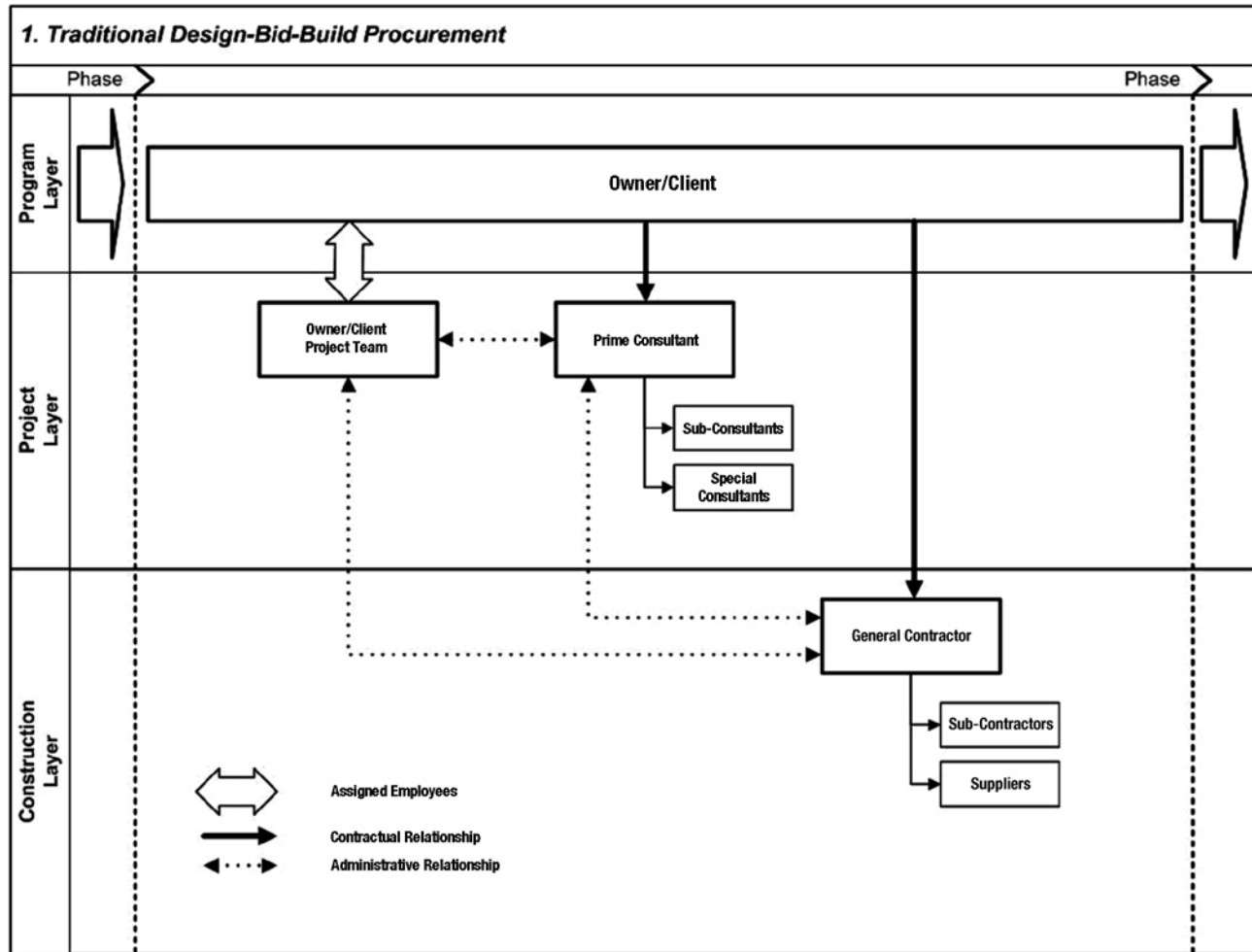


FIG. X2.1 Traditional Design Bid Build Procurement

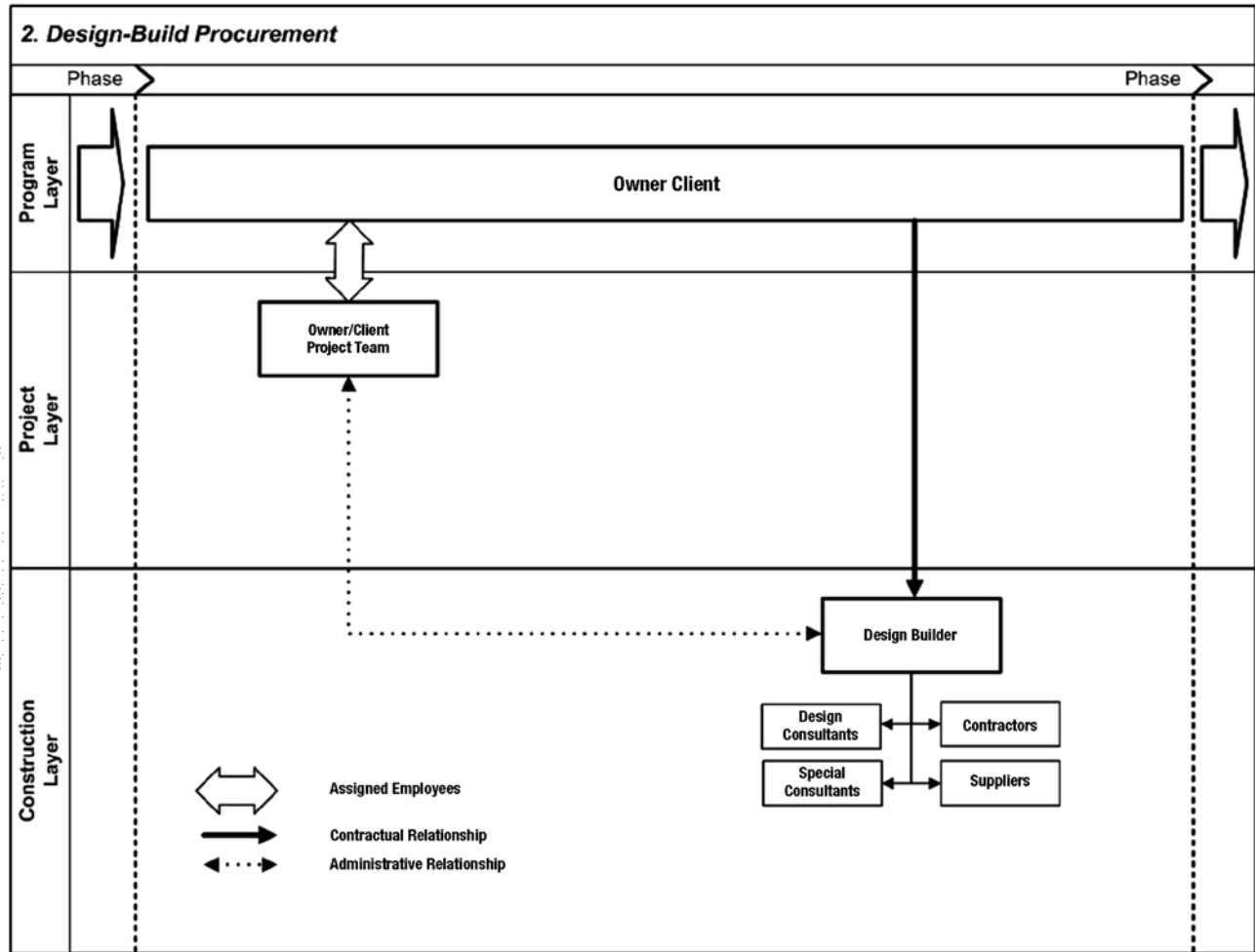


FIG. X2.2 Design Build Procurement

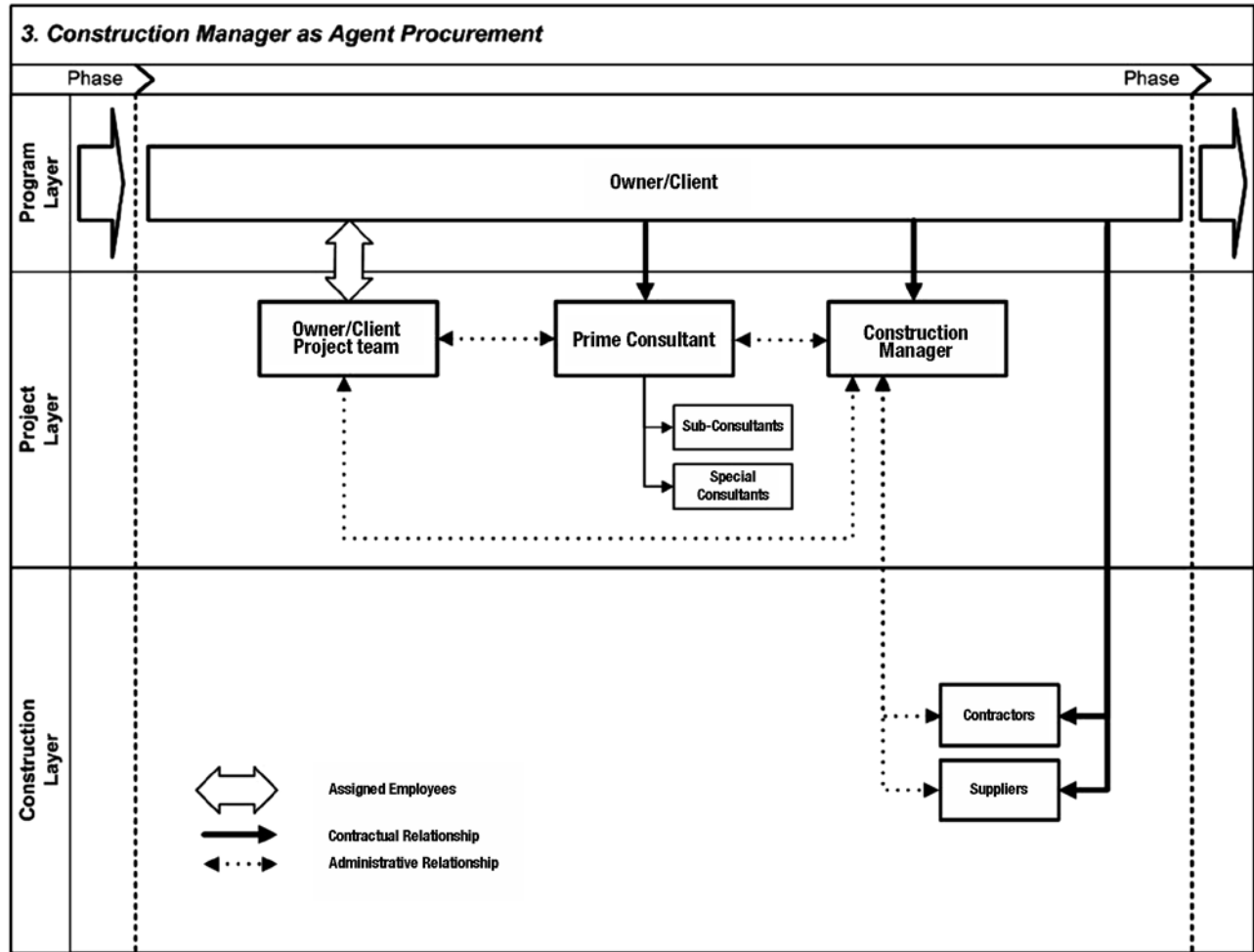


FIG. X2.3 Construction Manager as Agent Procurement

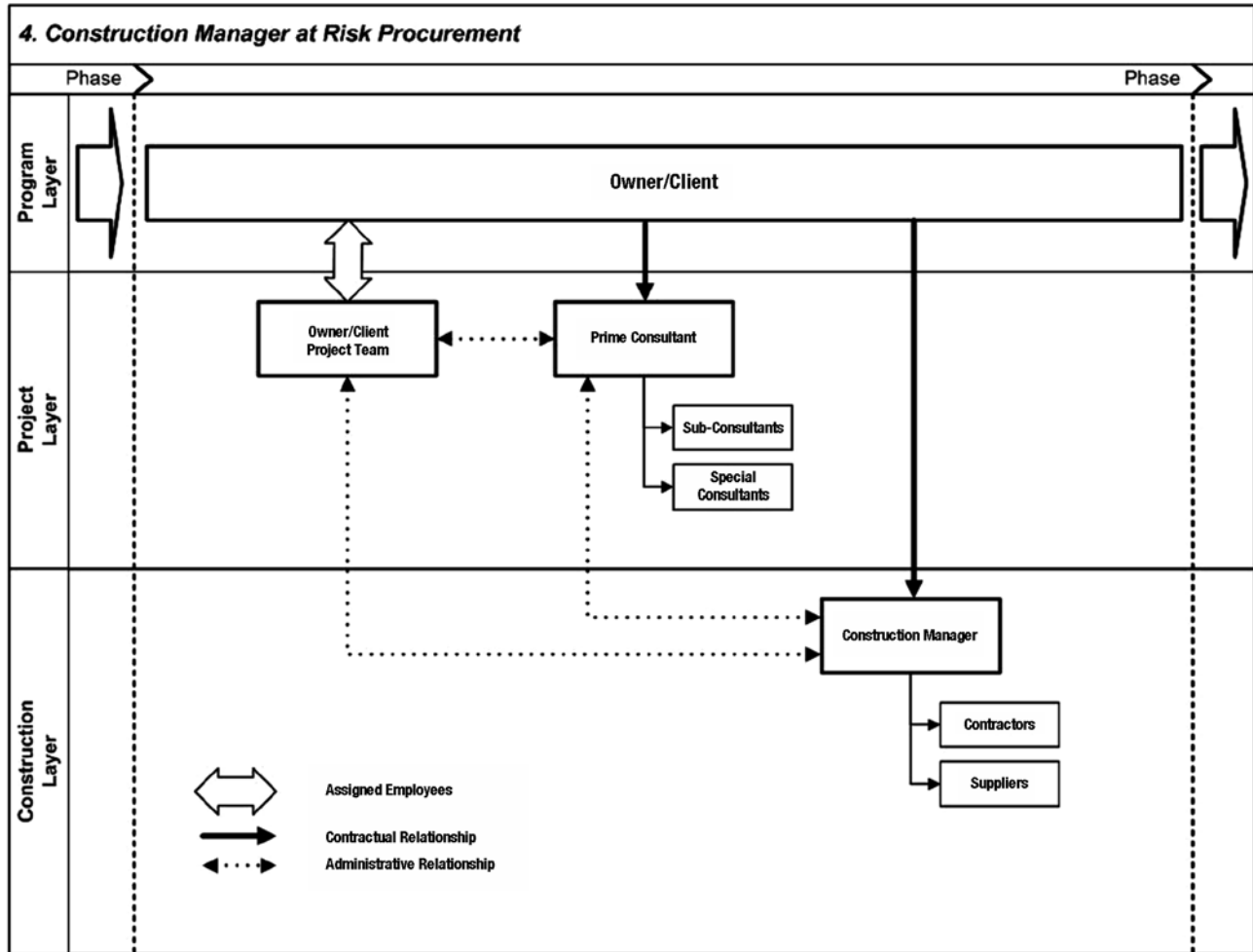


FIG. X2.4 Construction Manager at Risk Procurement

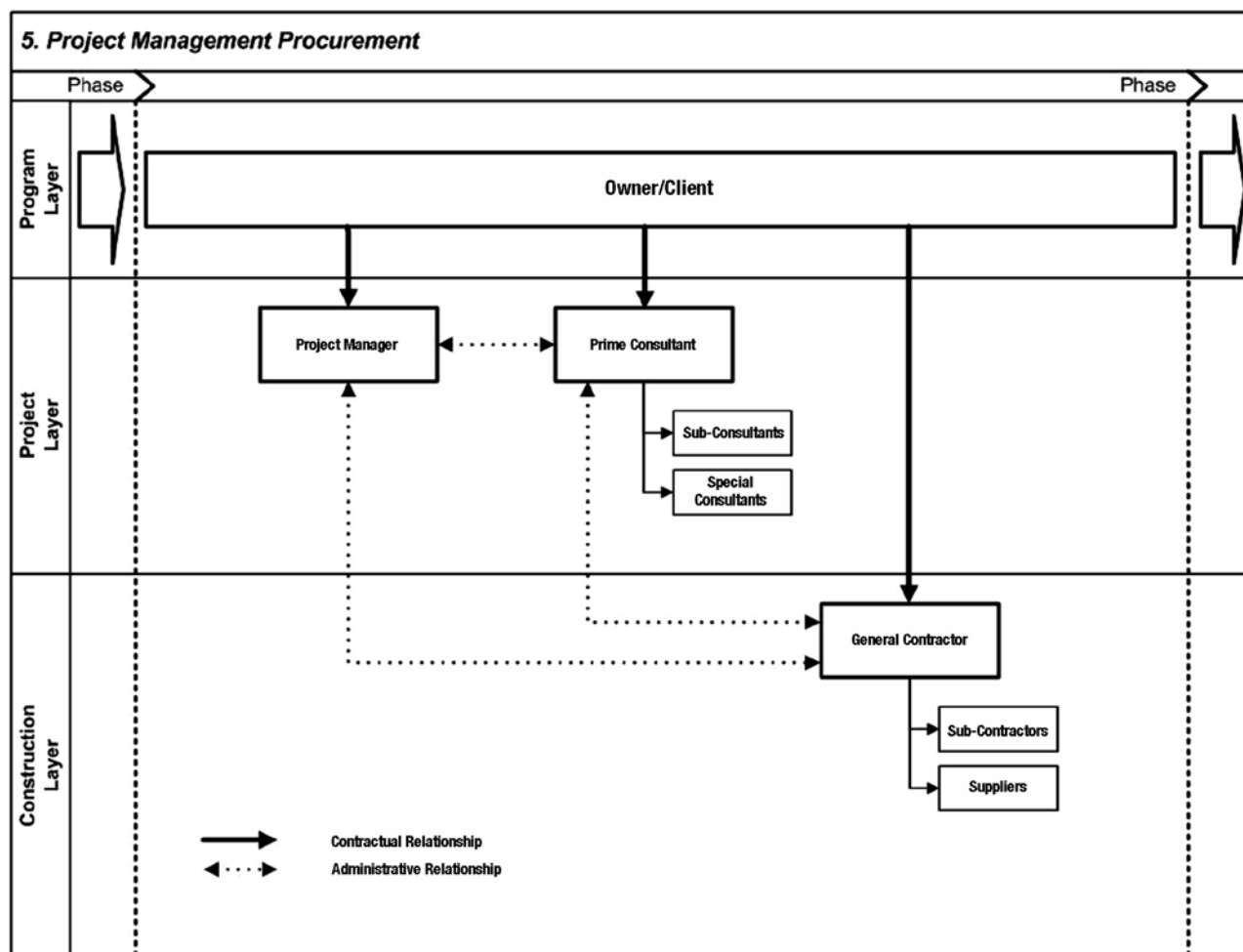


FIG. X2.5 Project Management Procurement

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