**BID # ADE-18-002**

**Request for Proposal**

**Vendor questions:**

1. What's a day in the life of someone who would complete this bid for you?

**Response by ADE:**

**For the Master Plan and Partnership Project cost estimates requiring annual updates under A.C.A. § 6-20-2509:**

1. **Annual estimated costs for the following year**
2. **Location adjustment factors**
3. **Actual quarterly cost indexes**

**Using RS Means as the data source:**

**In the fall each year, RS Means issues estimated costs (“annual square foot” building costs and “annual construction costs” for elements of work) for the following calendar year. These costs are estimated and escalated to July 1 of the following year. For example, in the summer of 2018, RS Means is prepares and issues 2019 Square Foot Costs and 2019 Building Construction Cost Data. Costs in this information will be estimated for and escalated to July 1, 2019. These data sources estimate cost for a “30 city National average” in order to publish a single cost estimate, and they include location adjustment factors, which support adjustment from the National average cost to a location-specific cost. This is how the division gets information allowing and differentiating the 12 Arkansas cost centers.**

**Also, throughout each calendar year, RS Means issues construction cost indexes following each quarter, which represent actual cost for the quarter expressed in an indexed number, but only for only certain locations (usually 5 or 6 Arkansas cost centers). Using actual quarterly indexes since prior year’s cost estimate, the prospective contractor records by location and CSI division the actual indexes in order to demonstrate and record actual costs (and observe change therein) for the year since the prospective contractor last produced the DPSAFT estimate. The quarterly index publication also includes an “adjustment factor” to apply against the annual cost estimates (above), which serves to “correct” from the estimated July 1st cost to actual for each quarter within the year.**

**Summarized process description:**

**The prospective contractor captures all quarterly cost index information by CSI division issued since prior year’s DPSAFT cost estimate, in order to demonstrate actual cost and change in cost since prior year for those locations in the cost indexes. Then by applying the location factors in the cost estimate data, the prospective contractor estimates change in costs for locations not included in the indexes. At this point, the prospective contractor gets to a current cost of construction for each of the 12 cost centers. Then, through reviewing historical cost change and current and near term economic data, the prospective contractor estimates annual cost growth between now and the effective date of Master Plan or Project Plan data, in order to escalate the current costs to that future point in time.**