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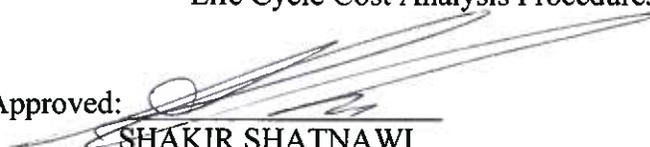
# Pavement Policy Bulletin

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## PPB 10-03 Estimating Initial Costs for Life Cycle Cost Analysis

References: Highway Design Manual Chapter 619  
Project Development Procedures Manual, Chapter 8  
Life Cycle Cost Analysis Procedures Manual

Approved:



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### Existing Standard

*Initial costs* must include estimated construction costs as well as project support costs (for design, environment, construction administration and inspection, project management, etc.) to be borne by an agency for implementing a project alternative (LCCA Procedures Manual 2.5.1)

### New Standards

LCCA Procedures Manual 2.5.1 is revised as follows:

*Initial costs* must include estimated construction costs for each alternative to be borne by an agency for implementing a project alternative, except the following items are not included:

- Add-on costs such as minor items, supplemental work, mobilization, and contingencies.
- Structure and right of way costs.
- Project support costs for design, environmental, project management, construction administration and inspection, etc.

These above items are not included because their actual costs (at PS&E) between alternatives are assumed to be the same. The Department is working on a tool to estimate the differences in construction administration and inspection costs for future updates to the LCCA procedures.

The initial costs for each alternative must be estimated to the same level of detail and accuracy for all alternatives. This includes needed items of work that may differ with each alternative. Examples of items that are often overlooked in estimating alternatives include:

- Costs to replace pavement at transition tapers and to maintain bridge clearance.

- Costs of pre-overlay repairs for overlay strategies such as digouts and slab replacements.
- Cost of shoulder pavement placement/replacement.

**Application**

This bulletin is effective for all project initiation documents not funded for construction by July 1, 2010 and for all projects without environmental clearance (PA&ED complete) by July 1, 2010. This bulletin does not change the procedures for estimating future maintenance and rehabilitation costs.