Cost Estimate (Order of Magnitude)

**WHY:**

The project cost estimate is an important piece of the selection of the IPA.

The cost estimate is a necessary piece of the alternatives analysis portion of the scoping. It is also used to evaluate the cost-effectiveness of alternatives. Ultimately, the cost estimate is the main item that most ask about when referring to a project. The cost estimate is also used to provide an estimate of the future funding needs of the project.

**HOW:**

The cost estimate is one of many factors used to assess the feasibility of alternatives.

Early in the development of alternatives, an order of magnitude cost is developed for each viable scheme. An order of magnitude cost is sufficient to compare alternates, as long as the same base assumptions are applied to each alternative.

Cost estimates should be employed anytime during CD or FA to compare alternatives. The level of accuracy is dependent upon the info available to develop the estimate, and the level of desired accuracy.

As projects progress in scoping, the accuracy of the cost estimate may reach that of preparing cost estimates using the NJDOT Cost Estimating Procedure. In many cases, this level of detail is reserved for the IPA.