

Project Cost Framework for Alberta Infrastructure Projects

1. Purpose and Intent

- 1.1. This Project Cost Framework establishes the framework and requirements for preparing, presenting, and managing project and program cost estimates and budgets for Alberta Infrastructure projects. It has been developed to help ensure that cost information is consistent, defensible, and comparable across project stages, and supports decision-making, approvals, procurement, and change control.
- 1.2. The framework applies to project cost submissions (e.g. new construction, renovations, capital maintenance and renewal (CMR), functional upgrades, etc) prepared for planning, design, procurement, construction, and closeout, including updates required due to scope change, schedule change, market conditions, risk refinement, or governance direction.

2. Standards, Classification, and Measurement

- 2.1. All project costs must be prepared using the latest versions of the following standards, classification structure, and measurement rules:
 - 2.1.1. American Society for Testing and Materials (ASTM) E2516-11 Standard Classification for Cost Estimate Classification System.
 - 2.1.2. ASTM E1557-09 Standard Classification for Building Elements & Related Site Work UNIFORMAT II.
 - 2.1.3. ASTM Designation E2514-15 Standard Practice for Presentation of Format of Elemental Cost Estimates, Summaries, and Analyses.
 - 2.1.4. ASTM E2168-10 Standard Classification for Allowance, Contingency, and Reserve Sums in Building Construction Estimating
 - 2.1.5. Construction Specifications Institute (CSI) MasterFormat trade divisional breakdown.
 - 2.1.6. Methods of Measurement published by the Canadian Institute of Quantity Surveyors.
 - 2.1.7. Grossing Factors & Net Areas Guidelines for Healthcare Facilities in Alberta.
 - 2.1.8. Area Measurement for Health Care Facilities” published by the Canadian Standards Association.
- 2.2. All costs should reflect the project/program’s compliance with the latest versions of National Building Code (Alberta Edition), National Energy Code of Canada for Buildings (NECB), Technical Design Requirements (TDR) published by Alberta Infrastructure, and general construction practices / requirements within the Prairie Provinces and any design legislation updates.

3. Estimate Classes, Stages, and Accuracy

- 3.1. Project cost estimates shall be prepared to at least the minimum estimate class required for the project/program’s current capital planning stage, as specified in the table below.

Typical Building Construction and General Industry Class and Accuracy Range			
Project Stage	ASTM	CIQS	Typical Accuracy Range (Lower & Upper)
Functional Estimate	Class 5	Class D	-30% to +50%
Schematic Design Estimate	Class 4	Class C	-20% to +30%
Design Development Estimate	Class 3	Class B	-15% to +20%
[50% / 75%] Construction Drawings Estimate	Class 2	Class B	-10% to +15%
95% to 100% Pre-Tender Drawings Estimate	Class 1	Class A	-5% to +10%

Reference: Adapted from ASTM E2516-11 Standard Classification for Cost Estimate Classification System and CIQS Professional Quantity Surveyor Schedule of Services (First Edition, 2020)

For further information contact: Cost Management Services at [INFRA.CostManagement.gov.ab.ca](https://infra.alberta.ca/costmanagement)

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- 3.2. Estimates for Needs Assessment and Business Case purposes shall be prepared to a minimum Class 5 level, while Post Construction Final Cost Estimate must be prepared at a Class 1 level.
- 3.3. Estimates must be based on reasonable due diligence appropriate to the estimate class and the nature and condition of the facility and scope, including review of available investigations and site information (e.g., geotechnical, environmental assessments, facility condition assessment), where applicable.
- 3.4. Where information is unavailable at time of estimate, the estimate must identify data gaps as an assumption, identify the risk created by the gaps, and include a quantified risk-based contingency or allowance.
- 3.5. If a submitted estimate is materially outside the expected accuracy range when compared to later stage or tender outcomes, variance analysis and written explanation of the drivers and lessons learned (scope, market, quantities, risk, escalation assumptions) should be provided.

4. Total Project Cost Structure

- 4.1. All project cost estimates and budgets must be presented using a cost structure that clearly distinguishes hard costs, soft costs, escalation, and contingencies. At a minimum, the project cost structure must address:
 - 4.1.1. **Hard Construction Cost (including site costs):** This should include but not be limited to all direct construction cost for permanent works, including contractor labour, materials, equipment, installed systems, temporary works, on-site general conditions, and contractor's overhead and profit where applicable. Costs should be separated for new build and renovation scopes. Other cost factors including but not limited to site works, site servicing / utilities, system upgrade and integration, demolition, hazardous material (hazmat) abatement, phasing costs, etc should be included separately. Costs should reflect the location and other factors associated to the project / program.
 - 4.1.2. **Soft Cost:** This should include but not be limited to costs for design and professional/technical consultant services, planning and programming funds, project management and administration costs, permits, fees, and approvals, testing and commissioning, other owner costs, FF&E, IT, move-in, transition, and operational readiness costs (if applicable), and other non-construction costs.
 - 4.1.3. **Escalation / Deflation:**
 - 4.1.3.1. Each estimate must clearly state whether costs are expressed in current dollars or escalated (end) dollars, and must identify the base cost date, the cash-flow or timing assumptions (e.g., construction mid-point(s) or schedule milestones), and the escalation period start and end dates.
 - 4.1.3.2. Where escalation or deflation is applied, it must be identified as a separate line item within the Total Project Cost (TPC), with the period and basis clearly stated. The escalation or deflation approach must follow appropriate logic consistent with best practice and aligned with expected cash-flow timing.
 - 4.1.3.3. Where available and applicable, Infrastructure's escalation rates must be used. If alternative rates are applied, the source and supporting rationale must be stated.
 - 4.1.4. **Contingencies and Allowances**
 - 4.1.4.1. Contingencies and allowances must be established using a risk-based approach appropriate to the project's maturity, scope certainty, delivery strategy, and overall risk profile. Blanket or percentage-based allowances shall not be used without clear justification and supporting rationale.

- 4.1.4.2. Each estimate shall include, or be accompanied by, a Risk Register that identifies, at a minimum, the risk description; cause and potential impact; probability (qualitative or quantitative); cost impact range (e.g., low / most likely / high); mitigation or response strategy; and residual risk allowance included within the contingency.
- 4.1.4.3. Contingency provision must be clearly differentiated by type and, at a minimum, presented as separate line items for Design and Pricing Contingency (pre-award); and Post-Contract / Change Order Contingency (post-award / during construction).
- 4.1.4.4. Design and Pricing Contingency should be reduced to 0% at Class 1 estimate stage or contract award stage, when Issue for Tender (IFT) or Issue for Construction (IFC) design should have been completed.
- 4.1.4.5. The basis for contingency and allowances must be documented and supported through linkage to the Risk Register, quantitative analysis, or a structured qualitative assessment, as appropriate to the project stage.
- 4.1.4.6. Contingency and allowance usage must be tracked, reported, and assessed against forecasted cost-to-complete, consistent with project cost control and reporting requirements.

4.2. Methodology, Basis, and Documentation

- 4.2.1. Project cost estimate and budget submissions must clearly state the basis of estimate, and the method used to develop costs, at a level appropriate to the project stage.
- 4.2.2. The submissions shall identify any scope or cost items to be provided by others (stakeholders, separate contracts, separate funding), and quantified as separate line items, where possible.
- 4.2.3. At a minimum, the submissions should include:
 - 4.2.3.1. Building type, location and construction schedule.
 - 4.2.3.2. Scope basis (reports, drawings, models, narratives, specifications, assumptions).
 - 4.2.3.3. Methodology (e.g., unit rate, elemental, assemblies, benchmark, subcontractor quotes).
 - 4.2.3.4. Project statistics and metrics, key quantities and/or drivers (high-impact items).
 - 4.2.3.5. Exclusions and clarifications.
 - 4.2.3.6. Risks and assumptions that materially affect cost.
 - 4.2.3.7. Reconciliation to prior estimate (when updating).
- 4.2.4. Project cost estimates and budgets should align with the detailed report requirements and templates referenced in Infrastructure Cost Management's Schedule of Cost Services, which is available for different project delivery methods.

5. Review, Governance, and Quality Assurance

- 5.1. All project cost estimates and budgets shall be prepared by cost professionals who hold a recognized Canadian cost professional qualification. All submitted estimates may be reviewed by Infrastructure to confirm completeness, alignment to scope, and compliance with this Framework.
- 5.2. To ensure continuous improvement, this Framework will be reviewed annually and updated as required to maintain relevance, reflect best practices, and align with program and delivery requirements.

6. Project Cost Framework Checklist

6.1. Each Total Project Cost submission must include, as applicable to the project stage the following:

CHECKLIST ITEM	MINIMUM REQUIREMENT	CHECK
A. ADMINISTRATION & CONTROLS	Estimate identifies the project, stage, estimate class, date, preparer, and cost base (constant / current / end dollars).	
	Includes 1-page executive summary with total cost, gross floor area, unit cost, building type, location and construction schedule.	
B. BASIS OF ESTIMATE	Scope narrative reflects true facility condition; enabling work and constraints considered (phasing, after-hours, access, etc).	
	Assumptions, exclusions, and clarifications.	
	Quantity basis and major cost drivers.	
	Lists documents used (reports, drawings, studies, etc).	
C. COST STRUCTURE		
Hard Construction Cost	Hard Construction Cost included and where practicable broken down elementally (UNIFORMAT) or by trade divisions (MasterFormat) at an estimate class appropriate to the project stage.	
	Hard Construction Cost separately identifies new build and renovation scope, if applicable.	
	Hard Construction Cost separately identifies siteworks, site servicing / utilities, demolition, hazmat abatement, etc costs, if applicable.	
Soft Costs	Soft Costs include design and professional / technical consultant services costs and disbursements, where applicable.	
	Planning study costs include but not limited to site investigation, environmental impact assessment, flood plain study, traffic and transportation study, value scoping, etc, if applicable.	
	Owner Costs include but not limited to project management and administration costs, project expenses, programming, fees and permits, commissioning, and other owner costs, if applicable.	
	Stakeholder costs include but not limited to FF&E, IT, move-in, transition, and operational readiness costs, if applicable.	
Escalation / Deflation	Escalation / deflation allowance included where schedule extends beyond base date. Assumptions transparent and shown separately.	
Contingency and Allowances	Contingency and allowances derived from documented risk assessment (risk register included), or acceptable justification provided.	
	Separate contingency provided, and at a minimum for Design / Pricing Contingency and Post-Contract / Change Order Contingency.	
G. RECONCILIATION & VARIANCE EXPLANATION	If applicable, provides comparison to previous estimate/budget; explains $\geq 10\%$ elemental/total variances.	

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