**Cost Databases- Can They Be Trusted? We Think So- Here’s Why-**

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When we venture out across the nation or online to teach estimating, the number one item that comes up for discussion and sometimes a heated debate is the subject of cost databases. We hear statements such as “that system is useless” and “that company is never accurate” and “we simply cannot rely on them”. It’s rare that we hear something positive said about these various databases. The database sources are published by companies such as R.S. Means and by the company this article was written for. While it is easy to jump on the hate bandwagon, we really have to take a moment and evaluate these comments.

**So, can these databases be trusted? We think they can, in certain cases, with the right amount of industry knowledge and vetting**. Nothing is perfect, nothing is exact…which is why it’s referred to as estimating, not exacting. Here’s what we mean:

Before we get into the databases- let me digress for a quick minute. We have to remember that no database will ever be perfect, just like we are not perfect. As much as others play to our individual strengths, we have to play to the databases strengths. It is impossible for a cost database to be perfect or even close on material costs. Even with quarterly adjustments, the market is simply too volatile, there is too much competition and the vendor pool is always growing which skews material types and prices all over the place. But cost databases do have certain strengths: equipment rental rates, labor and productivity rates, assembly components, etc. Let’s quickly looks at two top cost databases to expound on what I just said.

**Let’s look at DCD’s cost database.** We have the book; we have logged on to the website and we have used the various components. We have found that the DCD’s biggest strength is their historical database of projects from across the nation. After almost every large job we estimate, be it a fire station or a hospital, we go to DCD website, and use the super handy historical cost database. We choose the building type; the core and shell construction type and it pops out a list of similar projects. Then we go look at these projects to see what the square foot costs are as a comparison to make sure we are not way off base.

This being said, multiple factors have to be accounted for when doing this comparison. How long has it been since that project was built vs the one you are estimating will be built? We add for inflation to account for this. What materials may have skyrocketed? Lately, it’s been wood and steel, so do we need to adjust for this? Where was the project built? We consider not only the city and the applicable wage rate differences but also where in the city and what type- small remote cities and large densely packed cities can add costs when it comes to labor availability and material delivery rates. Was this facility done for the federal government? If so, did we account for the additional time and stressors that come with working in high security environments? Have we accounted for current subcontractor availability?

When we go to the DCD database, it’s not a simple “oh I found another hospital that the square footage is close enough, so mine is good to go” process. We take a look at the closest job we can find, take the above factors into consideration, and adjust our estimate appropriately if need be- confirmation bias I suppose, but a well educated and thoroughly vetted bias. So, we have found that DCD’s database can be very helpful, if used correctly and played to it’s strengths. Its help us notice when things have been off so in our eyes, it’s useful.

**Now, lets look at RS Means.** This is a can of worms if I’ve ever seen one. People love them or despise them. We have been using this database for over 23 years ourselves but we use it for what we feel its strengths are. Do we use it to price materials? We used to before pricing was so readily available online, but only for odd things last minute. Now with the various search engines, it’s very rare that a price cannot be found last minute for something that is accurate enough to include in the estimate. So, what do we use RS Means for? We have found them to be accurate when it comes to assembly data. What items really go into a fire sprinkler system, or a foundation footing? Did we forget to include something? It’s a great checklist to use when building various CSI division components of a job. We have also found them to be accurate when it comes to crew assemblies and labor production rates. In the course of estimating we cannot take a cost item and arbitrarily assign a “sounds good to me” labor cost to it. We have to research production rates and crew sizes, then work backwards to establish a per unit price for each cost item. RS means is super helpful in doing that. You have to account for site conditions, time of year etc. and adjust, but it gives you a great jumping off point for your own estimating. Lately, RS Means has taken accountability for their reputation and has invested quite a lot of money in redoing their cost items…for instance they recently did a large equipment rate update. They are now accurate once the various city cost index adjustments are applied. We have relationships with some of the top brass over there, and their commitment to accuracy is both impressive and reassuring, and a lot of large changes for the better are coming very soon. They have spent a lot of money lately investing in updates to all aspects of their databases.

**So bottom line, these databases can be trusted and used, as long as you use them for what they are good for.** A quarterback can’t win a football game alone, but with all of their teammates, those bits and pieces come together to form a team that can win. Same with cost databases. It would be nearly impossible for one database to be an “end all be all” source- there is just too much subjectivity and too much constantly changing data for that to happen. So, using a combo of cost databases, for their respective strengths, combined with your own historical costs and supplier/subcontractor relationships, can help you put together a solid cost estimate. Your data is only as good as how well you maintain and vet it in each new circumstance. Cost databases are not the ultimate solution but rather another handy tool to have in the estimator’s arsenal.