



# FACT SHEET

## PROJECT COSTS

- OBO establishes project budgets and those budgets - whether for an Excellence project or a standard embassy design – are fixed based on scope, local conditions, and prior year cost information for our buildings. Excellence projects need not cost one cent more.
- OBO prepares project cost estimates at every stage of development from rough-order of magnitude to fully detailed estimates prior to the award of the construction or renovation contract.
- Early estimates are used to determine an initial budget. The estimates are based on historical cost averages for similar scope of work, input from project development teams, and local economic information. As the project progresses, estimates become more accurate, strengthened by more detailed information.
- OBO additionally performs financial risk analysis to ensure that cost estimates reflect “real world” situations in a particular country. It identifies potential scenarios to mitigate risk and quantify likely outcomes as well as their impacts on the cost of the project.
- OBO employs life-cycle cost analysis to ensure that facilities provide the lowest long-term cost of ownership, without compromising their quality and ability to fulfill required functions. In the interest of ensuring the best value to the U.S. government, the lowest life-cycle cost takes precedence over initial cost, because the buildings must last 50 or more years.
- Some of the most significant cost drivers for OBO projects include:
  - › Physical and technical security
  - › Construction and security management
  - › Requirement for American contractors
  - › Cleared American workers
  - › Value Added Tax
  - › Construction Material Costs

### Point of Contact

Christine Foushee | [FousheeCT@state.gov](mailto:FousheeCT@state.gov) | 703.875.4131