

Notes for Costing Exercise

Friday January 25, 2008

Attending: Peter, David, Chris, Rich Dekany, Viswa Velur. Claire Max, Don Gavel, Erik Johansson. Sean Adkins not available.

Prior to the meeting, Sean sent Rich several helpful suggestions – **Rich will follow up with Sean next week.**

Rich points out that our proposed estimation worksheet is based on TMT's process, but much simplified (about $\frac{1}{2}$ as many field entries per sheet, mostly because we are not also scheduling here).

We discussed where are inter-subsystem interface controls captured in the WBS. Rich suggested WBS 3.6 Configuration Management – **Rich will update KAON 546 to reflect this guideline.**

We discussed the value of having a protected web site to post our cost estimates for shared internal review. Protected TWiki and Contour database both have advantages (and are publicly accessible, unlike KeckShare). **For now, email cost estimate workbooks to Rich – Rich will make decision about TWiki v. Contour next week and repost as appropriate.**

Rich will update KAON 546 to make explicit our decision to handle software licenses and other shared computer costs as 'backoffice' decisions.

Rich will update KAON 546 to make explicit our decision that spares policy will be a 'backoffice' decision. We encourage the estimators, however, to point in their comments which components are most importantly spared.

We discussed Rich's timeline for submission in the context of items not falling through the cracks. Chris suggested an intermediate milestone to submit only the WBS dictionary elements for review prior to filling in the full cost estimates. This would allow the estimates to cover the proper items. This suggestion was adopted. **Rich will revise KAON 546 with a new process item and announce the intermediate due date.**

As a reference, Peter will generate a product breakdown structure (PBS) (e.g. parts lists) within Excel. This will allow us to quickly determine which WBS element a given part should be counted against. **Don will help.**

PW and RD will discuss and add to KAON 546 definitions of Preliminary Design, Detailed Design, Full Scale Development, and Delivery and Commissioning.

Claire pointed out the importance of leaving time in the process to iterate the initial cost estimate against the FRD and science requirements. Rich points out this is already built in to the process, though time is shorter than hoped since the AO system design task has run several weeks over schedule.

Rich and Peter point out that only 6 ½ weeks remain until SDR!

Rich will describe how escalation of costs will be applied in KAON 546 (the basic answer is that costs will be escalated to the mid-point of each project phase).

Rich will add to KAON 546 a clarification that prototype and risk reduction activities are outside the WBS proper. We'll handle these separately. For now, assume the current design is correct.

Travel costs should only be estimated for completion of work packages. Projects meetings and conferences accounted for elsewhere. Assume Level 3 WBS elements are assigned to individual organizations. **Rich will update KAON to be explicit.**

Travel: Time sitting on planes accounted for by back office. Time at travel location, should cost as labor. **Rich will update KAON to be explicit.**

We discussed whether we should set a dollar threshold above which we will require vendor quotes. In the end, we said no, not as a blanket policy. However, there seem to be many situations where items above the \$10-20K range would benefit from a vendor quote, depending on the judgment of the estimator.

Minutes by C. Neyman, updated by R. Dekany 1/28/08.