Financial Lessons in Procurement, Design, and Management of Construction Projects
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1. Passionate
2. Committed
3. Advocate
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City of Richardson

1. Desire to Serve
2. Developing Relationships
3. Geeks Out on Contracts
• Communication, Trust, Respect
• Shared Vision
• A champion
• Timely Decisions
• Project Execution Plan (PEP)
• A little late and or over budget
• Negative press
• Perhaps legal concerns
• Generally satisfied with the project but more satisfied it’s over
• Bad project on steroids
Pre-Project Planning

Organize Team

Financial Plan

Identify Core Competencies

MANAGEMENT TEAM
Pre-Project Planning

- Define the Scope
- Concept Plan Budget
- Develop the Schedule

MANAGEMENT TEAM
SUMMARY

Good Projects Demand

- Pre-Project Planning
- Experienced project team
- Subject matter experts
- Scope, budget & schedule
- Project Execution Plan
- More staff than you have
BUDGET

- Cost of work
- Professional services
- Technology, Equipment, Furniture
- Land Acquisition
- Financing

TOTAL PROJECT COST
BOND FACILITATION

- Issuance Cost & Cash Flow
- Bond Language for Max Flexibility
- Certificate of Obligation vs. General Obligation: Long Term vs. Short Term
- Reimbursement Provision Packaging of Project

FINANCING OPTIONS & ISSUES

TIMING OF BOND SALES
FINANCING COST
TOTAL PROJECT COST
SUMMARY

Good Projects Demand

- Total project cost
- Cost estimate is critical
- Soft costs add up
- Many contingencies
- Schedule drives escalation
- Schedule drives debt planning
DESIGN CONTRACTS & PROFESSIONAL SERVICES

FEE STRUCTURE

The Agreement
Tied to the Cost of Work?
Basic Services
Additional Services
Reimbursable Expenses

PROCUREMENT
Procurement Method

- CSP
- CMaR
- Design-Build

ALTERNATIVE DELIVERY METHODS
Contracts

Legal & Management Tool

Fair & Reasonable

No protection from poor planning

RISK TRANSFER
Contract Templates

AIA
EJCDC
OTHER

RISK TRANSFER
The Agreement
Scope of Services
Insurance (OCIP, CCIP, Default)
Best practices
Cost control process
Internal accounting process
Project Execution Plan (PEP)
Key options (CSP, CMaR, DB)
Choose wisely (Experts)
Contracts are also management tools
Can’t overcome poor planning
Extreme contract requirements add cost
City of Richardson
Public Safety Campus
Improvements
BACKGROUND

Dallas Suburb

Steady growth 1950’s/60’s

Strains on City Facilities

20 yrs since PD expansion

Several campus concerns

Fall 2013 Call for projects

2014 Campus Master Plan
PRE-PROJECT PLANNING & ESTIMATING

2014 Public Safety Master Plan - BRW

Recognize Critical Decisions Early

Assumptions must be documented

Land Acquisition if necessary

Contingencies must be conservative

Escalation Preliminary Budget Considerations

Phases:
- Phase 1 – Site Development
- Phase 2 – Police Headquarters and Support Bldg.
- Phase 3 – Fire Station No. 1 and Fire Admin.
PRE-PROJECT PLANNING

01 DON'T GO CHEAP!!!

02 Know your scope and budget sources

03 Use independent estimating

04 Document all assumptions
DESIGN & PROCUREMENT STRATEGIES

DESIGN TEAM SELECTED

- BRW Architects – Lead Designers
- Peak Program Value – Project Controls & Estimating
- 720 Design – Public Safety Subject Matter Experts
- Conley Group – Building Envelope Expert
- Engineered Air Balance – Commissioning Expert

CMaR METHOD Selected

- Lee Lewis Construction
- Pre-Construction Services
- Funding provided for all phases
Hays County Government Center
BACKGROUND

- 5-Year effort
- 19 Functions / 400 employees
- > 300,000 SqFt
- Re-set and Right-size
- CSP to DB
- Record delivery time
- $60 million in savings
KEYS TO SUCCESS

01 Pre-Project Planning
02 Strategic Plan Institutional - Objectives
03 Operational Plan - Management Team
04 Process & Best Practices