

Project Construction Options, Cost Update & Sustainability



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Steve Collins – Gerald Martin
Kent Beierle – EDI Architecture
Tim Cummins – Rio Real Estate
Chris McNamara – Brycon
Bill Lemon - Brycon



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“The overall trend for construction cost remains negative. The cost of construction is down 7.4 percent”.

ASSOCIATED GENERAL CONTRACTORS



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Construction employment growth is projecting a growth rate of 14% by 2017.

2007 – 59,100 jobs

2017 – 67,300 forecasted jobs

DEPT OF WORKFORCE SOLUTIONS



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“Construction as a whole is not likely to improve until 2011, although there will be a pick up in 2010 in retail re-construction, possibly university and hospital work, power and stimulus funded projects. Income producing property will improve in 2011.”

AGC's Chief Economist, Kenneth
Simonson



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TYPES OF CONSTRUCTION

Residential

Single Family

Multi Family (Apartment / Condominium)

Commercial

Office /Retail

Office/Warehouse

Hospitality, Restaurant, Churches

Institutional

Educational

Medical/Health

Correctional

Industrial

Manufacturing

Heavy/Civil

Bridge and Highway

Water and Waste

Dams and Waterways



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TYPES OF CONTRACTS

- Lump Sum or Fixed Price
- Cost Plus a Fee
- Construction Manager at Risk (CMAR)
- Guaranteed Maximum Price (GMP)
- Design Assist
- Design Build



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CONSTRUCTION COST

- Materials/Labor
- Political/PLA's/AREA
- Contract Strategy
- Real Estate Prices/Lease Rates
- Infrastructure Availability
- Financial Market



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CONSTRUCTION COST TRENDS

- 2004 – 2008.5: Increases of 30%+
 - All sectors effected by dramatic material and fuel increases.
- 2008.5 – 2009.5: Decreases 10-30%
 - Failures in the financial community reduced the capability to finance projects, thus the construction market is more competitive.
 - Decrease dependant on type, size, and complexity of project.



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CONSTRUCTION TECHNOLOGY

- Building Information Modeling – BIM
- 3 dimensional design.
- Produces “Bill of Materials” from design.
- Projects utilizing BIM have experience zero conflict change orders.
- Industry forecasts 15% construction cost savings.

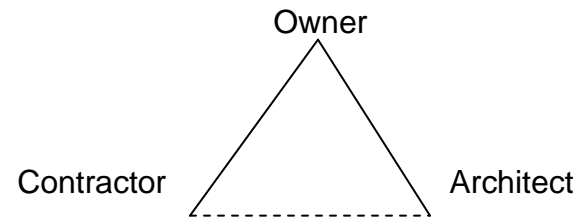


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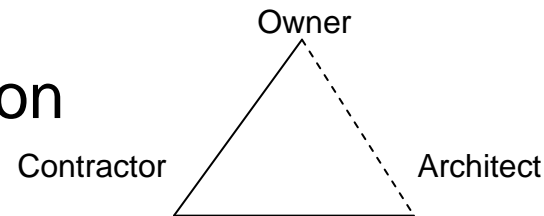


CONTRACTOR SELECTION

- Design-Bid-Build
 - Competitive Bid
 - Open bid
 - Selected bidders



- Design-Build
 - Selected Bidders
 - Design Competition
 - Qualifications
 - Fee

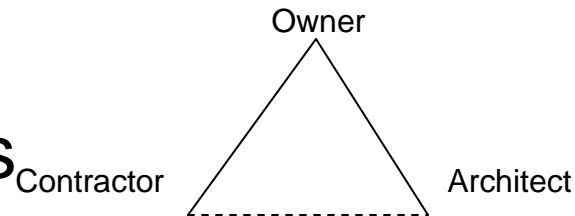


CONTRACTOR SELECTION cont.

- Design-Assist

- Selected Bidders

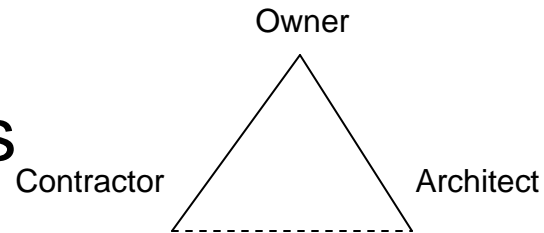
- Qualifications
 - Fee and GC



- CMAR

- Selected Bidders

- Qualifications
 - Fee and GC



CONTRACTOR SELECTION cont.

- Make sure bid/construction documents are complete
- Partner with your design and construction team.
- Understand the scope of work.
- Use caution if pricing is too low.
- Check the financial condition of your contractor.
- Get regular cost and schedule updates.



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CONTRACTOR SELECTION cont.

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CONTRACTOR SELECTION cont.

- Insist on a QA/QC program.
- Check their safety record.
- Check their history on claims.
- Check their references.
- Interview PM and superintendent.



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