



DECEMBER 2-4, 2010  
EXPO: DECEMBER 2-3  
SAN DIEGO, CALIFORNIA  
[www.athleticbusinessconference.com](http://www.athleticbusinessconference.com)



BRAILSFORD & DUNLAVEY  
Facility Planners • Program Managers  
*Catalysts for Building Community*

# *How Much Do I Need? Creating a Capital Project Budget*

Thursday, December 2, 2010 8:00AM-9:30AM

# Outline

- Introductions
- Overview
- Terminology
- Individual Lines (*Hard and soft costs*)
- Advice
- Example
- Budget Management
- Q&A

# Introductions

## Ann Drummie – Senior Project Manager, B&D

- Engineering and architecture background
- assisted over 25 institutions and organizations through various stages of planning, design, and construction



# Overview

## Who's asking?

- Capital campaign manager
- Financial underwriter
- Existing creditors
- Potential investors
- Grant agencies
- Constituents
- Designers

## Why?

- Debt capacity
- Covenants
- Credit rating
- Bond issuance terms
- Business planning
- Capital reserve planning
- User fees
- Design contract

# Terminology

---

Capital funds vs. operating funds

Budget vs. commitment/encumbrance vs. expenditures

Project budget vs. construction budget

Hard costs vs. soft costs

# 0. Site Acquisition

## Consider:

- Purchase versus lease
- Closing costs on the land deal
- Impact of existing tenants
- Impact of acquisition timing (taxes, utilities)
- Infrastructure available versus needed

# 1. Sitework

## Consider:

- Number of parking spaces and type
- Accessibility of utilities
- Amount of demolition and clearing needed
- Amount of landscaping desired
- Amount of environmental remediation

# 2. Construction

## Consider:

- Cost/SF
  - New construction vs. renovation
  - Geographic market
  - Participation goals
  - Union agreements
  - Contract type
- General conditions (staffing, schedule duration)
- Fee (overhead and profit)



# 3. FF&E

## Consider:

- Reuse of existing equipment
- Expectations within annual operating budgets
- Options and features
- CFCI, OFCI, OFOI

# 4. Architecture & Engineering

## Consider:

- Basic Services
- Additional Services
  - Civil engineering
  - Food service
  - Landscape design
  - Lighting design
  - Fundraising renderings
- Reimbursable expenses
- Scale of fee to size of project

# 5. Owner's Consultants

## Examples:

- Topographic survey
- Geotechnical survey
- Traffic study
- Air quality study
- Legal services
- Material testing
- Building inspection

# 6. Permits

## Examples:

- Demolition fee
- Tree removal fee
- Building permit fee
- Public space permit fee
- Permit expeditor fees

# 7. Owner Expenses

## Examples:

- Couriers
- Reproductions
- Visits to other facilities
- Ceremonies (groundbreaking, topping out, opening)



# 8. Start-Up Costs

## Examples:

- Hiring staff before opening
- Marketing
- Conferences and professional affiliations
- Training

# 9. Contingency

## Consider:

- General responsibility to cover unforeseen costs
  - Discovery, miscoordination, approval agency requests
- Institutional requirements
- Lender requirements

# 10. Program Management

## Consider:

- Extent of lines 1 through 9
- Means of providing
  - In-house, cooperative, fully out-sourced



# 11. Financing Costs

## Consider:

- Debt Issuance Fees
- Credit Insurance
- Lender Requirements
  - Independent inspector, wiring fees, interest reserve

# 12. Miscellaneous

## Examples:

- Full site security during construction
- Ancillary projects
- Swing space
- Schedule acceleration
- Sustainability design goals

# Advice

- Check for Hard:Soft cost ratio
- Note “unknown” or “not included” (vs. just omitting)
- Engage and identify all sources

## Examples:

- PM of a previous project
- Estimator
- Expeditor
- Designer
- Peer
- City records
- Lender
- Vendor
- Builder
- Institutional memory

# But it's not being spent today...

## Consider:

- Inflation on:
  - Construction contract
  - FF&E
- Interest on:
  - Funds from when you receive them

# Example

---

## Audience Participation with Excel template

# Budget Management

## Tracking:

- Commitments against Budgets
- Expenditures against Commitments
- Allowances
- Contingency

# Budget Management

## Scenarios:

- Over budget
  - ❑ need to find other sources of \$
- Under budget
  - ❑ left “money on the table” that could have been put into the building
- On budget
  - ❑ squeezed full value out of every dollar, prioritizing contingency spending

# Q&A

1. Sitework
2. Construction
3. FF&E
4. Architecture & Engineering
5. Owner's Consultants
6. Permits
7. Owner's Expenses
8. Start-Up Costs
9. Contingency
10. Program Management
11. Financing Costs
12. Miscellaneous

Site Acquisition

Inflation

Interest

Active management tool:

- Planning
- Design
- Construction





# Thank you!

**Ann Drummie**

adrummie@facilityplanners.com

[www.facilityplanners.com](http://www.facilityplanners.com)

click “Pubs/Presentations”





DECEMBER 2-4, 2010  
EXPO: DECEMBER 2-3  
SAN DIEGO, CALIFORNIA  
[www.athleticbusinessconference.com](http://www.athleticbusinessconference.com)



BRAILSFORD & DUNLAVEY  
Facility Planners • Program Managers  
*Catalysts for Building Community*

# *How Much Do I Need? Creating a Capital Project Budget*

Thursday, December 2, 2010 8:00AM-9:30AM