

## ***BUILDING YOUR DREAM***

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**1 QUESTION... if we follow all the advice we have heard to this point in the conference, then building it should be the easy part of the process?**

### **ANSWER:**

I have lots of experience and too often the project comes in seven stages:

1. Euphoria
2. Growing discomfort
3. Dissatisfaction
4. Disaster
5. Search for the guilty
6. Punishment of the innocent
7. Recognition for those not involved

**2. QUESTION: Can this be avoided?**

**ANSWER:** – CAN avoid 2 through 6! Euphoria and Recognition of those not involved is always there 😊!

**3. QUESTION: Let's start with the big picture...What is the single most important thing to know when building? Is there one thing above all else?**

**RESPONSE:**

- Make the designer and builder a team – not adversaries.
  1. Building – easy part – dig a hole, pour in the concrete
  2. People – difficult part!
  
- Separation into architect and contractor relatively new historically – only the last couple hundred years.
  1. Specialization into two camps resulted in significant advantages and significant disadvantages. Better designers AND better builders AND much more sophisticated buildings,
  2. BUT it also resulted in separate profit centers with different business objectives requiring the assignment of liability and resulting in an adversarial relationship.
  
- Three legged stool: Project is the seat
  - Legs of equal length
  - Braces between legs is the communication
  
- Today, clients must force the designer and builder to be a team by
  - Becoming the team leader.
  - Bringing the builder into the design process at the beginning.

#### 4. **QUESTION:** But, how do you bring the contractor into the design process when he isn't hired yet?

##### **RESPONSE:**

- Three primary routes to building.
  1. Architect/General Contractor
  2. Design/Build Firm
  3. Architect/Construction Management
- Basic pros and cons of each...
- **If using GC** ...most common and understood...assumed to give the most competitive price...BUT shows up after the design is completely done...
  - Hire the best one you know for design phase services and bid to others at construction.
- **If using D/B**...simple to manage, gives GMP, reduces client coordination...BUT loss of control
  - Use only on small and simple projects
- **If using CM**...pay a set fee, higher level of control over sub-contractors, BUT selection of this team member is as important as the architect.
  - Select the CM with the same care you selected the Architect

## **5. QUESTION: How do you choose the right contractor?**

### **RESPONSE:**

- Create a short list of pre-qualified bidders.

## **6. QUESTION: How do you pre-qualify a contractor?**

### **RESPONSE:**

- Produce a Request For Proposal (RFP) and send it out to every firm anyone recommends
- RFP explains the project scope and goals, and asks for validation of key selection criteria.
- Selection criteria include:
  - Experience on similar sizes and types of projects
  - Financial capacity.
  - Projected workload
  - Staffing proposed for your project
  - Evaluate character of companies' principles. (Ask tough questions that don't have right or wrong answers.) Look for passion and integrity
  - Price is NOT the best criteria

**7. QUESTION:** How should a church handle a large project?  
What kind of organizational structure? Who?

**RESPONSE:**

- In a church building project, often the church itself is the biggest problem.
  - Lack of building experience
  - Volunteer organizational structure for decision making
  - Hundreds or thousands of “stake holders”
  - Communication system usually inadequate
  
- Broad-based input essential. Single source of “output” (communication to design and construction team) is also essential.
  
- Church “Owner” representative must be:
  - great leader
  - wise manager
  - people person
  - have full authority to make critical decisions in a timely way
  - have tons of time
  
  - broad based building experience a real plus BUT NOT essential...don't use your local plumber or carpenter

**8. QUESTION: Construction projects typically run over budget in spite of all the efforts to control costs. Is it realistic to stick to a budget?**

**ANSWER:**

Absolutely!!

**9. QUESTION: How?**

**RESPONSE:**

- The price you get from the estimate of the construction is not the cost you will spend...budget with that knowledge.
- Difference between a budget and estimate...explain
- Your budget from day one must be significantly greater than your construction estimate.
- Three components of PROJECT BUDGET
  - **Construction costs**
  - **Design Costs**                      **10% to 20%**
    - Architect
    - Interior designer
    - Engineers...HVAC, plumbing, electrical, structural
    - A/V and Stage lighting
    - Computer and technology
    - Acoustic designer
    - Traffic engineer
    - Program of requirements
    - Pre-Construction fees from the builder
    - Landscaping

- **Owner Costs** **15% to 30%**
  - Furniture and Furnishings
    - Anything not built-in by the contractor that you need to make every room functional
  - Insurance (builders risk)
  - Decorating costs
  - Fees:
    - Accounting
    - Legal
    - City/county fees and plan review
    - Building permit
  - Financing Costs
  - Fund Raising Fees and costs
  - Data and Telecom systems
  - New cleaning equipment
  - Signs
  - Dedication or opening event costs
  - Communication costs, other special event costs
  - Land

**Hard costs (building)**  
**+ Soft costs (design and owner costs)     25%-50%**  
**= Total Project Cost**

**Always base your budget on the total project cost.**

**10. QUESTION: How can you budget for something when you don't know what it will be and don't have a contractor estimate?**

**RESPONSE:**

- Build your budget around the program of requirements or vice versa...before design begins.
- Three contingencies built into your CONSTRUCTION BUDGET.
- **Design contingency...4% - 10%**
  - Add to construction budget at pre-design stage AFTER construction budget is set by the consultants. Separate line item.
  - This WILL be used to refine design as it develop
    - Oh! Decorative stone on the sides too?
    - Conduit for data drops how often?
    - Built-in cabinets in EVERY nursery room on the entire wall?
    - Why would you want a dimmer on THOSE lights?

- **Construction contingency...3% - 5%**
  - Unknown soils conditions
  - Unexpected site conditions during construction
  - Minor errors and omissions in construction documents
  
- **Owner's contingency...3% - 5%**
  - Everything you forgot during budgeting
  - Everything you want to change as you see it get built
  - Everything you want to add back that you took out to save money

**Hard Costs Budget =**  
**Consultant's best estimate of construction costs**  
**+ Design contingency           4%-10%**  
**+ Construction contingency   3%-5%**  
**+ Owner's contingency         3%-5%**

**HARD COST = Construction Estimate + 10%-20%**