

Working as a Team to Solve Budget Issues of Educational Projects

By: Tom Stone, Project Executive, Adolfson & Peterson Construction

Project budgets are rarely an easy issue. Rarely is a project *over-funded*. And, getting a K-12 project within budget can be more challenging than other types of projects. The bonds that are used to fund school projects are many times passed two or more years before construction actually begins. The inflation that is experienced between the time when a bond is passed and when a contractor actually procures materials can be significant. Often, the budgets set in bonds don't properly anticipate inflation rate increases, and therefore are under-funded from the start.

In Colorado there were \$1.1 billion of bonds passed in 2004. From July 2004 to December 2004 Adolfson & Peterson Construction calculated cost escalations to be approximately 17 percent. This means that bonds set in July 2004 were already severely under-funded by the end of that year.

Team Approach

To give the school district the facility that they require under a tight budget there needs to be a true collaboration between all team members. This means physically getting the owner, architect, contractor, and even major subcontractors and suppliers into the same room and addressing issues and concerns using real-time pricing information.

Getting together early and often ensures that communication lines are open. Too often communication is poor and may cause misunderstandings. Open communication makes sure that everyone involved understands that the value adding process (aka value engineering), when properly executed, does not take away value from a project, but instead creates more value per dollar.

What Contractors Can Do

When working to bring a project into budget, the general contractor needs to always keep in mind the needs of the owner and the design intent of the architect. These are things that cannot be compromised. Additionally, with regards to specific systems, contractors need to ensure they do not compromise the efficiency, operational costs, and life of particular systems.

What Architects Can Do

During the entire design process the architect needs to work closely with a general contractor who really understands preconstruction. A strong preconstruction department can aid in giving real-time pricing information, and supplying various options *before* the drawings are complete. Using accurate pricing and scheduling information can ensure that the architect will draw the project only once, as opposed to multiple rounds of redesign.

What Owners Can Do

The school district has to recognize the difference between the needs and wants of their school, and know which components of their project are each. Needs cannot be compromised.

Furthermore, the school district should involve someone before the budget value is determined who has a vested interest in their school project and who understands

estimating, design and construction. It needs to be understood by the school before a bond is passed exactly what can be designed and built within their budget.

Conclusion

K-12 school projects are always under the intense scrutiny of the community. Not only is a new school a high profile project which people are interested in, but many community members take ownership of a new school since their tax dollars are partially funding the project.

A district must be careful not to oversell and under-deliver a school, or voters will be leery to pass bonds in the future. Architects and contractors must form a true partnership early on in the preconstruction process, and need to challenge each other to find solutions that ensure all parties are satisfied.

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