

## CASE STUDY

# Ethanol Rail Transfer Terminal

Critical strategy needed for new truck terminal facility to meet client's cost and schedule objectives

Budget Reduction  
SCOPE

**30%**

Budget Reduction  
DELIVERY

**4.5%**

Services Provided

Project Development  
Services

EPCM Project Execution  
Services

## Challenge

To take advantage of forecasted market conditions and expiring offtake agreements, a major refining and chemicals company required a new truck terminal. They had awarded the project development to an Engineering, Procurement and Construction Company that had negotiated a Lump Sum Turn Key proposal as the basis for the capital approval request. However, the capital approval board rejected the appropriation request as non-competitive.

## Approach

To maximize the client's capital investment, we examined the business case, scope and project delivery approach. We quickly facilitated over a hundred detailed analyses of the scope of work. Next, we used this information to improve specifications and optimize facility layouts, which yielded a reduction in quantities. To further reduce costs, we devised a commercial approach to break the project into multiple lump sum contractor packages. We then provided procurement services and managed contractors to eliminate redundant mark ups.



Terminal near completion with Rail partially shown in background

## Project Results

At the time of project sanctioning, IAG had reduced the original appropriation request by 30%. We then delivered the project 4.5% below this amount, with no change orders. Ultimately, our client realized a profitable business venture at 30% savings.

