

Winning Budgets – Hardwiring In Cost Containment Using Design Build

OFTEN cited as an accepted outcome, cost overruns shouldn't be a normative process. Cost containment should. As a de rigueur component to construction, contractors and architects offer budgets as a gesture to establish client rapport. Yet free budgets come at a high expense, as those generated in traditional construction do not hold the originator responsible, rather are simply a risk-free assessment. Miscalculated figures lead to bad investments, lost time and wasted client resources.

Design build presents a safeguarded approach in financial management. Acting as the owner's agent, the design builder carries the onus of limiting all monetary risk by assuming complete project responsibility. Early accuracy can be difficult to traverse in construction, as unidentified details must be qualified and accounted for. This is where design build's multi-disciplinary approach serves as a catchall mechanism from the outset. Scope is identified using input from key constituents and costs are assigned. For unidentified details, allowances are calculated using historical data, partner input and firm experience. Given the financial and reputational repercussions, design builders' budgets must be on point or they absorb the pitfalls.



PROJECT CASE

In October 2016, Dacon and Leggat McCall collaborated on the relocation of the Huntington Theatre Company from its historical Boston location.

As a unique business entity, Phase 1 consisted of identifying operational and site selection factors particular to the performing arts – 25 feet of clear height, 35 feet of clear stage space, prop/costume storage and an area for large set loading. Three sites were selected



RESULTS

This project was envisioned, designed, budgeted and built in 8 months including site selection and landlord lease negotiations. Integral to this fastidious outcome was design build's transparent communication, collaboration and shared expertise approach. With scope gaps eliminated, the contracted cost lay within 1% of the original budget. The final expense resulted in \$100,000 of realized client savings.

TODAY'S RELEVANCE

In a project's early phase, secured investments are exposed to inaccuracy. Without a method to counter this fallibility, confident investment decisions erode and projects remain unrealized. Today's interest incentives entice clients to engage in facility construction while safeguarding assets. Through design build's phased approach and conservative financial planning, clients can open the door to constructive growth without letting in substantial risk, ensuring confidence and building economic gain.

for architectural, structural and MEP review, each with a customized initial budget to aid in site selection. Within 6 weeks the budget was established and sent to the theater's board for approval. The project simultaneously moved into Phase 2 as the location lease was being finalized. The board had confidence that the financials reflected a final cost if not better, based upon the detailed scope and calculated allowances allocated to navigate through design. Construction documents, the procurement of long lead items and finalization of the guaranteed maximum price (GMP) was completed. Construction finished in 15 weeks, ensuring Huntington Theater a new home prior to their Boston lease expiring.

