

A large, stylized graphic in shades of blue occupies the upper two-thirds of the page. It depicts a bird, possibly a phoenix, in flight, with its wings spread and tail feathers visible. The bird is rendered in a minimalist, geometric style using various tones of blue. The background is a solid, medium-blue color.

The PLANE Facts of Estimating

Aviation Department Outreach Workshop
December 12, 2013

City of Phoenix



WELCOME & OVERVIEW

- Expectations for Outreach and Why We Do These Workshops
- Why Are We Here
- Working with the Aviation Department
 - T3 Modernization Project
 - JOC projects
 - Other opportunities

These workshops are open to any small business firm interested in pursuing **design and construction services and consultant** opportunities, including **concessions architects**, on Aviation Department projects.



TYPES OF ESTIMATES

es·ti·mate

verb

/ˈestəˌmāt/

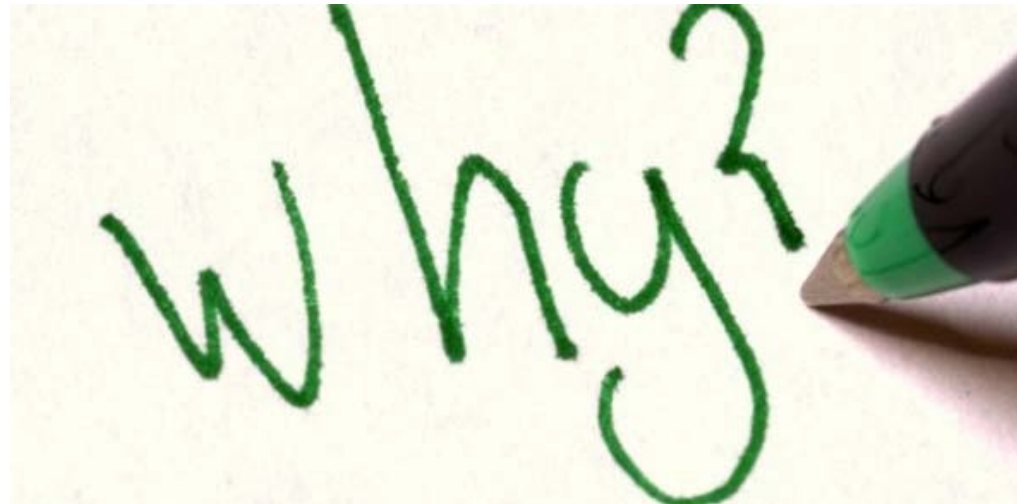
roughly calculate or judge the value, number, quantity, or extent of.
synonyms: calculate roughly, approximate, guess;

- Budget or Conceptual
- Lump Sum
- GMP
- Conceptual Design
- Schematic Design
- Design Development
- 50% - 100% Construction Documents

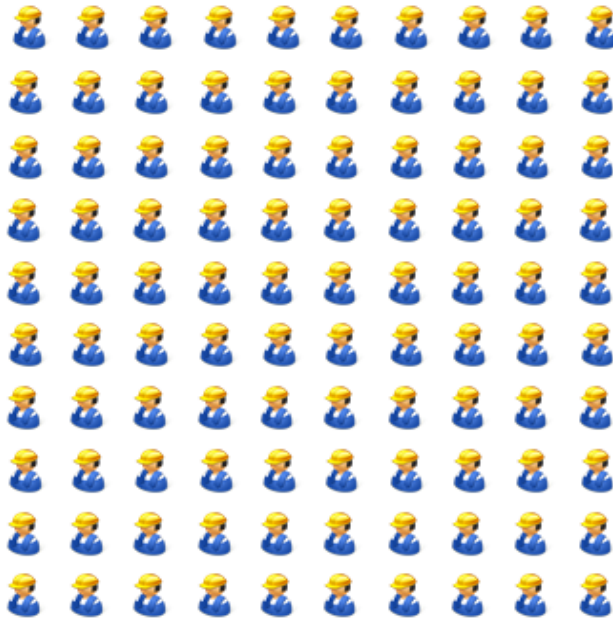


GOALS OF AN ESTIMATE

- ✓ **Meet the owner's requirements and expectations without sacrificing budget**
- ✓ **Meet the design intent**
- ✓ **Reduce RISK!**



**FOR EVERY 100 CONTRACTORS
THAT GO INTO BUSINESS**



**FOR EVERY 100 CONTRACTORS
WITH 1 YEAR OF EXPERIENCE**



AFTER ONE YEAR IN BUSINESS



ONLY 5 CONTRACTORS ARE LEFT

AFTER FIVE YEARS IN BUSINESS

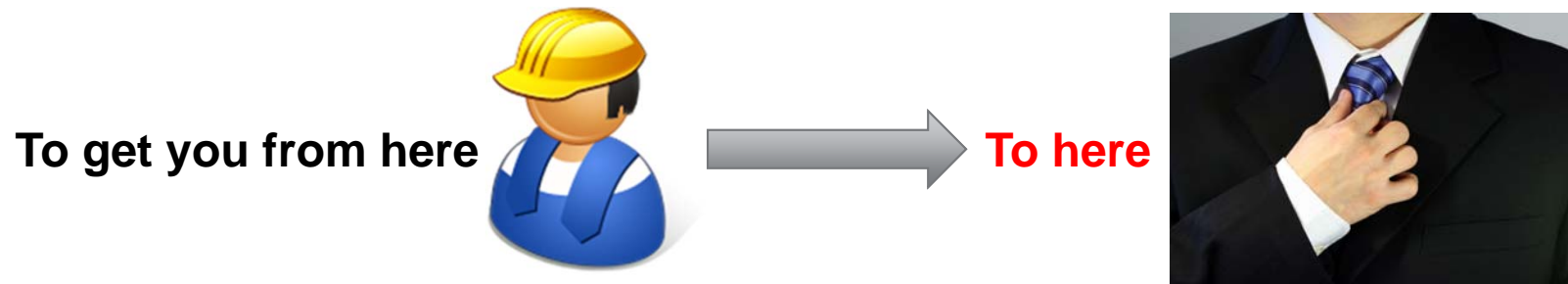


ONLY ONE CONTRACTOR IS LEFT

CHANCES OF SUCCESS: 1 IN 2000

(US Bureau of Labor Statistics)

SO WHAT CAN BE DONE TO IMPROVE YOUR COMPANY'S CHANCES?



And avoid ending up **here!!!**





UNDERSTAND THE CAUSES OF FAILURE

- **Working Capital**
- **Business Capacity**
- **Your Contract**
- **Change Orders**
- **Your Customer**
- **Government Regulations**
- **Estimating Practices**



UNDERSTANDING MARKUPS

- **Overhead**
- **Cost of Work General Conditions**
- **General Conditions**
- **What is Profit?**
 - “Assessment of Risk”
- **Why should risk be assessed at different levels?**
 - Labor
 - Material
 - Equipment



OVERHEAD

- **Office staff**
- **Office and expenses**
- **Indirect equipment (vehicle, gas, car insurance)**



COST OF WORK GENERAL CONDITIONS

- **Traffic control**
- **Scaffolding**
- **Lifts and hoisting**



GENERAL CONDITIONS

- **Project Manager**
- **Superintendent/field staff**
- **Lay down area and field office**

WORKING CAPITAL ANALYSIS

CASH FLOW CAPITOL ASSETS		MONTH 1	MONTH 2	MONTH 3	MONTH 4
CASH ON HAND	\$100,000				
ACCOUNTS RECIEVABLE LESS RETENTION	\$200,000				
		COLLECTIONS			
PROJECTED CASH FLOW "NEW WORK"		\$200,000	\$0	\$400,000	\$100,000
LESS RETENSION		(\$20,000)	\$0	(\$40,000)	(\$10,000)
		\$180,000	\$0	\$360,000	\$90,000
CASH FLOW - CAPITOL LIABILITIES		BILLINGS			
		\$200,000	\$200,000	\$200,000	\$100,000
PAYROLL					
WORKERS	22%	(\$43,200)	(\$43,200)	(\$43,200)	(\$21,600)
TAX DEPOSITS	8.4%	(\$16,800)	(\$16,800)	(\$16,800)	(\$8,400)
FICA - FUTA - SDI - SUTA	2.8%	(\$5,616)	(\$5,616)	(\$5,616)	(\$2,808)
INSURANCE PAYMENTS					
BUSINESS LIABILITY INSURANCE	3.0%	(\$6,000)	\$0	(\$12,000)	(\$3,000)
WORKMANS COMPENSATION	1.7%	(\$3,456)	(\$3,456)	(\$3,456)	(\$1,728)
BENEFITS	3.2%	(\$6,480)	(\$6,480)	(\$6,480)	(\$3,240)
ACCOUNTS PAYABLE "MATERIALS"	35.0%	(\$70,000)	(\$70,000)	(\$70,000)	(\$35,000)
OVERHEAD EXPENSES					
OFFICE	0.8%	(\$1,500)	(\$1,500)	(\$1,500)	(\$1,500)
PHONES	0.1%	(\$250)	(\$250)	(\$250)	(\$250)
EQUIPMENT "TRUCKS - FIELD EQUIPMENT"	1.0%	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)
FUEL	0.3%	(\$650)	(\$650)	(\$650)	(\$650)
SMALL TOOLS	0.1%	(\$250)	(\$250)	(\$250)	(\$250)
SAFETY EQUIPMENT	0.1%	(\$150)	(\$150)	(\$150)	(\$150)
OFFICE STAFF	1.0%	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)
ACCOUNTANT "PART TIME"	0.4%	(\$800)	(\$800)	(\$800)	(\$800)
PROJECT MANAGER(S)	4.0%	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)
PROJECT ENGINEER(S)	1.8%	(\$3,500)	(\$3,500)	(\$3,500)	(\$3,500)
ESTIMATOR	3.0%	(\$6,000)	(\$6,000)	(\$6,000)	(\$6,000)
MARKETING	0.8%	(\$1,500)	(\$1,500)	(\$1,500)	(\$1,500)
		(\$178,152)	(\$172,152)	(\$184,152)	(\$102,376)
		\$1,848	(\$172,152)	\$175,848	(\$12,376)
			(\$170,304)	\$5,544	(\$6,832)



SUCCESS in the PRE-BID

- ✓ Good Estimating Practices
- ✓ Identify the Correct Scope
- ✓ Read Specifications
- ✓ Provide Schedule Requirements with Bid





SUCCESS *during* CONSTRUCTION

- Monitor Schedule
- Change Orders
- Trade Compression
- Exceptional Planning





PREVENTATIVE MEASURES

- Improve Estimating Practices
- Perform a complete and thorough review of plans and specs
- Improve presentation of your proposal
- Qualify what is included in your bid
- Improve planning
- Brief YOUR superintendent on scope and plan
- Control Company Growth!

REMEMBER

**You must bid the WORK and
NOT the COMPETITION!**





CONTACTS

T3 Modernization Design-Build Team:
Hunt/Austin/DWL/Corgan/Smithgroup JJR
Simeon Terry (Austin) 214-356-2045



For JOC Subcontracting Opportunities

- Banicki Construction (Civil) Jeff Abraham 602-819-3783
- CSW (Civil) Matt Campbell 602-768-0620
- Brycon Construction (Buildings) Kevin Fries 602-920-6341
- Caliente Construction (Buildings) Doug Horton 602-421-7345

REMEMBER

City of Phoenix Newsletter subscription for Construction Opportunities:
<http://lists.phoenix.gov/fms/eas-nwsltrsubscribe.html>



CITY OF PHOENIX

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QUESTIONS



THANK YOU