Business Review Overview

• On September 9, 2010, Dr. Steger sent a memo to Deans, Directors and Department Heads beginning a business review of VT Facilities Services (VTFS) Renovations based on the recommendation of Dr. Sherwood Wilson

• The VTFS business review did determine where savings could be realized without sacrificing quality and service

• In June 2011, Dr. Sherwood Wilson recommended and received approval to advance a Request For Proposal (RFP) for 3rd party Renovation services

• In April 2012, Dr. Wilson reviewed the RFP results, recommended and received approval to move forward with 3rd party Renovation services

• VTFS has completed the transition plan and is prepared to enact this plan using a 3rd party working for VTFS
Challenges Reviewed

- Customer confidence: project oversight, cost and accountability
- Billing rate structure – requirements
- Estimate contents, timeliness and accountability after approval
- PM fees that are inconsistent and can be disproportion with project cost
- Workload has been declining 13.4% since FY06 ($23.3M/FY06 to $14.4M/FY11)
- Renovations had accumulated a $1.2 million operating deficit during this period
- Process to execute projects was not neatly aligned to project types/scale
- Budget revenue and expenses were disconnected
- Performance standards and reporting were inconsistent
Renovations - Moving Forward

- Renovations projects are defined as under $2 million or 5,000 Square Feet
- There will be **three categories** of Renovations projects going forward:
  - $4,000 and under *(Routine Modifications)*
  - $4,001 to $50,000 *(Renovations - Design-Build)*
  - $50,001 and Over *(Renovations - Traditional Design-Bid-Build)*
- The dollar value is used **only as a guide** to determine these categories
- Each project category has a distinctive approach for project delivery
- Project scope will be the **final determining** factor for the category
- VTFS – Business Center will continue to process and determine project category for all renovation requests
Project Category Definitions

• **Routine Modifications $0 - $4,000 (Possible Building Permit Required):**
  - Small in nature: install a switch, small appliance, minor wall and/or door
  - Sketch of change may be required by project manager
  - No major building code requirement or egress requirement
  - May include large single contractor: projects such as carpeting
  - Project performed by VT trade staff and/or VT contractors

• **Small Projects – Design, Build $4,001 - $50,000 (Building Permit Required):**
  - Minor in nature: suite and/or medium area renovation
  - Scope developed by project manager in consultation with requestor
  - Possible design required by VT Term A/E Contracts managed by the project manager
  - Project performed by Term Contractors possibly VT trade staff (as the exception)

• **Renovations Projects - Traditional Design, Bid, Build $50,001 & Above (Building Permit Required):**
  - Project requires a Professional A/E design to proceed
  - Project scope to be developed by A/E in consultation with project manager and requestor
  - Should be commercially bid and performed by contractors to ensure best possible pricing
  - If schedule does not allow commercial bid then cost could be higher
Renovations Cost Overview

- **Project Management (VTFS Charge):**
  - client engagement, scope development/review, estimate development, design (procurement, review and approval), building code/permit compliance, procurement, contractor and/or professional services scheduling/oversight, quality control, client communications, project close out

- **Project Design Services (Vendor Charge):**
  - Professional Services required by a professional engineer or registered architect; these costs are the actual cost of services required through a standing VT/State approved contract or one procured specifically for the project

- **Goods and/or Services Rendered (Vendor and/or VTFS*):**
  - Those materials “Goods” and/or “Services” provided either through 3rd party vendors or VTFS trades

- **Regulatory (VTFS and/or Vendor Charge):**

* Those smaller tasks where VTFS trades staff are used on projects
VTFS Project Fees: Current - New

**Current:**
- Project Management Services:
  - Hourly rates (PM $83/hr and Coordinators $74/hr)
  - Billed all request for services, inquires, and/or follow up including warranty issues
- Standard estimates request required a $1,000 ISR to start a project:
  - Estimate development is a billable cost regardless of project advancement or not
- Project Design Services:
  - Billed as required
- Goods/Services Rendered:
  - Billed as required
- Regulatory:
  - UBO: VTFS Hourly Fee
  - DCR: No VTFS charge; where applicable A/E fees when required for land disturbances

**New:**
- Project Management Services:
  - Fixed fee (12.31% of actual project cost)
  - Inclusive of all requests, inquires and/or follow up including warranty issues
- Standard estimates have no cost associated with them
  - ISR required to initiate a project request
  - Funds for an ISR is only required after the requestor approves the provided project estimate/scope
- Project Design Services:
  - Billed as required
- Goods/Services Rendered:
  - Billed as required
- Regulatory:
  - UBO: VTFS Fixed Fee/project cost
  - DCR: No VTFS charge; where applicable A/E fees when required for land disturbances
This chart reflects current and possible fee impact for volume. The FY 2013 project gross receipts is $14.5 million which has been the previous two year trend.
Regulatory Fees - Building Code

Current:
- University Building Official (UBO):
  - All services provided were billed on an hourly charge
  - The hourly billable rate included direct and indirect cost
- Storm Water and Erosion Sediment Control (DCR):
  - VTFS oversight has no charge
  - If professional engineering is required for land disturbance the cost for these services are billed at cost

New:
- UBO is a fixed fee based on project cost:
  - $0 - $4,000 = $40.00
  - $4,001 - $10,000 = $60.00
  - $10,001 - $25,000 = $100.00
  - $25,001 - $50,000 = $250.00
  - $50,001 - $100,000 = $500.00
  - $100,001 - $250,000 = $1,500.00
  - $250,001 and up = $3,500.00
- Storm Water and Erosion Sediment Control:
  - No Change
# UBO Rate Comparisons

<table>
<thead>
<tr>
<th>Project Value Fee Tier ($$$)</th>
<th>Roanoke</th>
<th>Christiansburg</th>
<th>Blacksburg</th>
<th>Montgomery County</th>
<th>Proposed VT</th>
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<tbody>
<tr>
<td>$0-4k</td>
<td>$56</td>
<td>$30</td>
<td>$30</td>
<td>$46</td>
<td>$40</td>
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<tr>
<td>$4-10k</td>
<td>$84</td>
<td>$30</td>
<td>$30</td>
<td>$46</td>
<td>$60</td>
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<tr>
<td>$10-25k</td>
<td>$143</td>
<td>$62</td>
<td>$62</td>
<td>$50</td>
<td>$100</td>
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<tr>
<td>$25-50k</td>
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<td>$134</td>
<td>$107</td>
<td>$250</td>
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<tr>
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<td>$268</td>
<td>$268</td>
<td>$215</td>
<td>$500</td>
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<tr>
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<td>$625</td>
<td>$501</td>
<td>$1500</td>
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<tr>
<td>$250k-2M</td>
<td>$4147</td>
<td>$4016</td>
<td>$4016</td>
<td>$3218</td>
<td>$3500</td>
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</table>
Renovations – Routine Modifications

- Defined as $4,000 and under depending on scope and building code
- Most of these requests aligned to Facilities Operations
- For this reason, VTFS has aligned these projects to its daily operations
- PM fees will not be billed to these projects
- Request for “Routine Modifications” projects remains the same through HokieMart
- Normal Service request:
  - Email: vtrepair@vt.edu
  - Web: http://www.facilities.vt.edu/customer.asp
  - Phone: 1-4300

Mark Helms
Director
Facilities Operations

Anthony Watson
Associate Director
Trades and Grounds

Jim McDaniel
Supervisor Routine Maintenance Projects
Renovations – Design, Build and/or Bid

- Gilbane Building Company:
  - Privately held family-run company
  - 2,000 employees nation wide
- The VTFS Renovations Organization
- Renovations staff in the Sterrett Facility
- Request for “Design, Build and/or Bid” projects remains the same through HokieMart
- Normal Service request:
  - Email: vtrepair@vt.edu
  - Web: http://www.facilities.vt.edu/customer.asp
  - Phone: 1-4300
## Detailed Estimate

**G001-12-123456**  
**Sample Project**  
**Date:** 19-Jun

<table>
<thead>
<tr>
<th>Division</th>
<th>Description</th>
<th>Cost</th>
<th>% of Total</th>
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<tbody>
<tr>
<td>1</td>
<td>PROJECT SITE SERVICES:</td>
<td>$1,820</td>
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<tr>
<td>2</td>
<td>SITEWORK:</td>
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<tr>
<td>3</td>
<td>CONCRETE</td>
<td>$200</td>
<td>0.30%</td>
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<td>4</td>
<td>MASONRY:</td>
<td>$200</td>
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<tr>
<td>5</td>
<td>METALS:</td>
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<tr>
<td>6</td>
<td>WOOD &amp; PLASTICS:</td>
<td>$200</td>
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<tr>
<td>7</td>
<td>THERMAL &amp; MOISTURE PROTECTION</td>
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<tr>
<td>8</td>
<td>DOORS, HARDWARE &amp; STOREFRONT</td>
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<td>9</td>
<td>FINISHES:</td>
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<td>0.00%</td>
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<tr>
<td>14</td>
<td>MECHANICAL:</td>
<td>$15,000</td>
<td>22.32%</td>
</tr>
<tr>
<td>15</td>
<td>ELECTRICAL:</td>
<td>$1,000</td>
<td>1.49%</td>
</tr>
</tbody>
</table>

**Subtotal - Direct Cost:** $45,620 (67.88%)

**Design Cost:** $6,000

**Subtotal:** $51,620

**Design Contingency:** 5.00%  
**Subtotal:** $54,201

**Construction Contingency:** 10.00%  
**Subtotal:** $59,621

**Management Fee:** 12.31%  
**UBO Fee:** $7,339  
**EHS Fee:** $250

**Total Projected Estimate Cost:** $67,210 (100%)
Billing Example

- Project Management fees will be billed as project payments are made
- Example #1 (Estimate):
  - Direct Cost: $43,620
  - Design Cost: $6,000
  - Design Contingency: $2,581
  - Construction Contingency: $5,420
  - PM Fee (12.31%): $7,339
  - UBO Fee: $250
  - Total: $67,210
- Example #1 (50% Complete):
  - Direct Cost: $15,000
  - Design Cost: $4,000
  - Design Contingency: $0
  - Construction Contingency: $500
  - PM Fee (12.31%): $2,400
  - UBO Fee: $250
  - Total: $22,150
- Example #1 (Project Completed):
  - Direct Cost: $43,620
  - Design Cost: $6,000
  - Design Contingency: $500
  - Construction Contingency: $0
  - PM Fee (12.31%): $6,170
  - UBO Fee: $250
  - Total: $56,540
Transition Efforts

• VTFS is reviewing every “active” open project today:
  • To ensure project delivery and continuity
  • PM charges to date and going forward
  • Addressing projects that extend past cutover (HokieServ controls)
  • Reaching out to project requestors for complex active projects

• VTFS has and is working to identify and/or address time sensitive projects internally and when contacted by clients

• New “Renovations and Regulatory” rates will be taking effect June 18th

• Immediately all “new” projects will be handled under this new approach/rate

• VTFS is scheduling or has been communicating with many groups and are offering to meet with any group, college or agency that request such
Questions ???