



Capital Project Budgeting



CAPITAL LINK

www.caplink.org

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HRSA Fall Webinar Series

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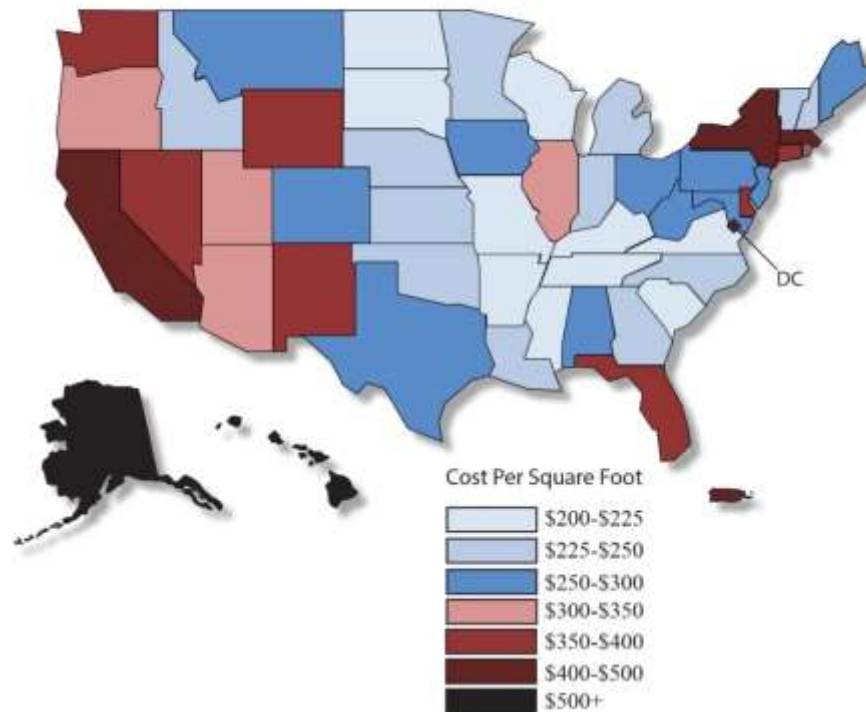
Learning Objectives

- Understanding the process of developing an “all in” capital project budget
- Understanding the items that comprise a complete budget
- Understanding the project budget development timeline
- Understanding how financing structures can impact the capital project budget

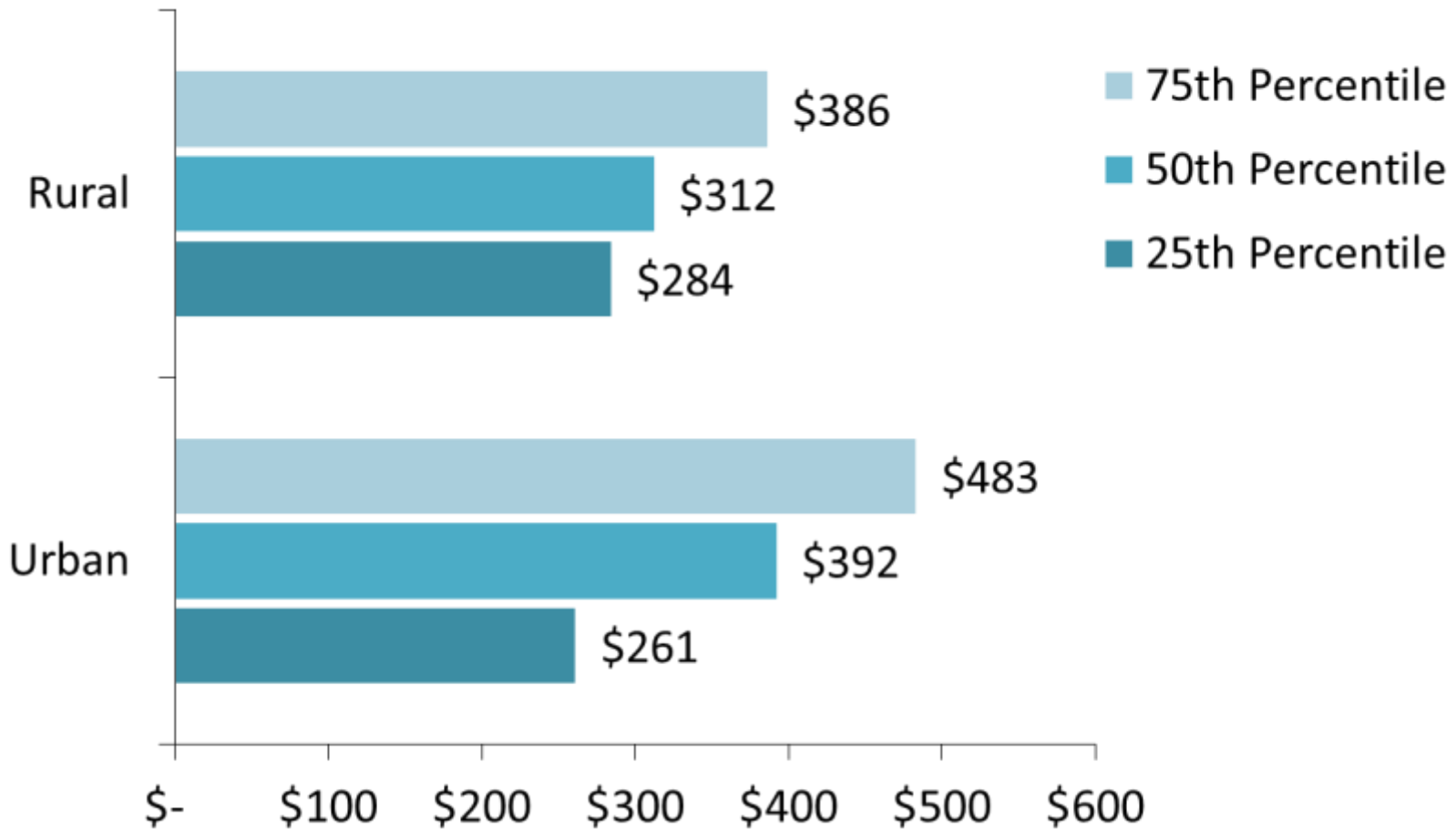
Start with Informed Guesses
“Ballparking”

Project Costs By State

Median Project Cost by State



Rural vs. Urban



Capital Link - 2013

CHC "All In" Costs \$204 - \$900/SF



2014-2106 Update

- Project Size Range: \$3.5 – \$25 million “All In”
- \$187 - \$432 per square foot
- Renovation Projects: \$187 - \$418 per square foot
- New Construction Projects: \$356 - \$432 per square foot
- Construction Cost Range: \$146 - \$306
- Average Soft Cost per square foot : \$45.66
- Financing Costs are over above soft costs and are highly variable.

It's a Process

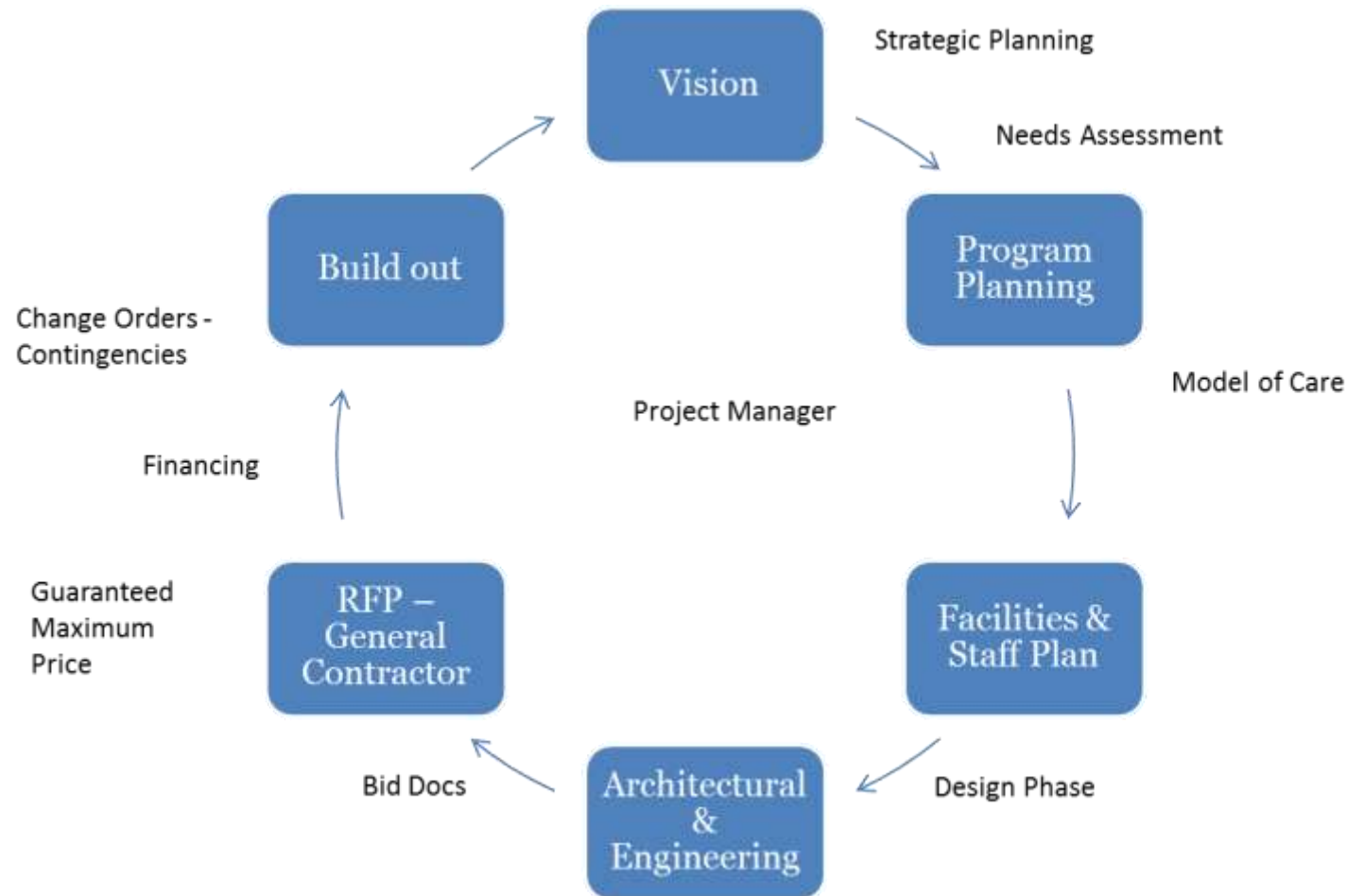
Why Capital Projects Matter: ... Before



..... and After!



Process



Mission, Vision, Planning

- A facilities development plan should have specific goals to meet your strategic goals.
- A clear definition of your capital project can be best attained within the context of a comprehensive, integrated, organizational facilities plan.
- What you don't want is the design/development tail wagging the dog.



Bernese Mountain

Dog

Beagle



Market Analysis

- Measuring the unmet demand for health center services in the current or proposed service area.
- What is the potential market?
 - Traditionally low income residents
 - Is the market growing?
 - Are demographics changing?
- Community Health Indicators
 - Gaps in services?

Program and Staff Planning

- This plan delineates the specific services that will be offered and estimates the staff needed to provide those services.
- It is the basis on which to plan for the physical space necessary to house services and staff.
- This plan translates expected patient visits, staff, programs and model of care into floor plan and estimate of facility size.

It Takes a Village

Team Members

- Board of Directors – Project Committee – Community Liaison
- Senior Management – CEO generally the project leader
- Provider and Support Staff – Design Input and Buy In
- Project Manager
- Architect/Engineers
- General Contractor
- Funders



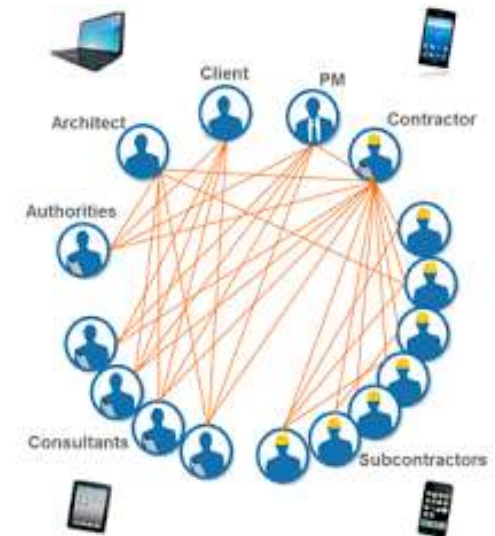
Capital Project Budget

- Identifies all the costs you will have to incur to build and start operating
- Sets the financial parameters of the project, and is a vital tool to ensure that you have accounted for all of the costs and funds you need to complete the project.
- In the planning stage, the budget is a set of “informed guesstimates.”
- As you progress through the development process, you and your team should continually refer to and refine the budget, to make it more detailed and accurate

Capital Project Budget Components

Not Just the Brick and Mortar...

- Design Development
- Engineering
- Environmental assessment
- Survey & appraisal
- Permits
- Insurance & financing



Cost Variables

- Design Elements
- Materials and Labor (Davis Bacon)
- Building Codes, Community Impact
- Green Features (LEED Certification)



And the Chattel

- Equipment
 - Medical
 - Dental
 - Furniture & fixtures
 - IT and Telecom



Contingency Funds

- Contingency funds are an essential part of a well developed project budget.
- Oops we forgot about that!

Funding Change Orders

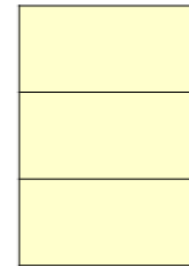
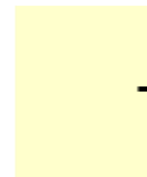


Budget Components

Property Acquisition
 Site Preparation
 Environmental Remediation

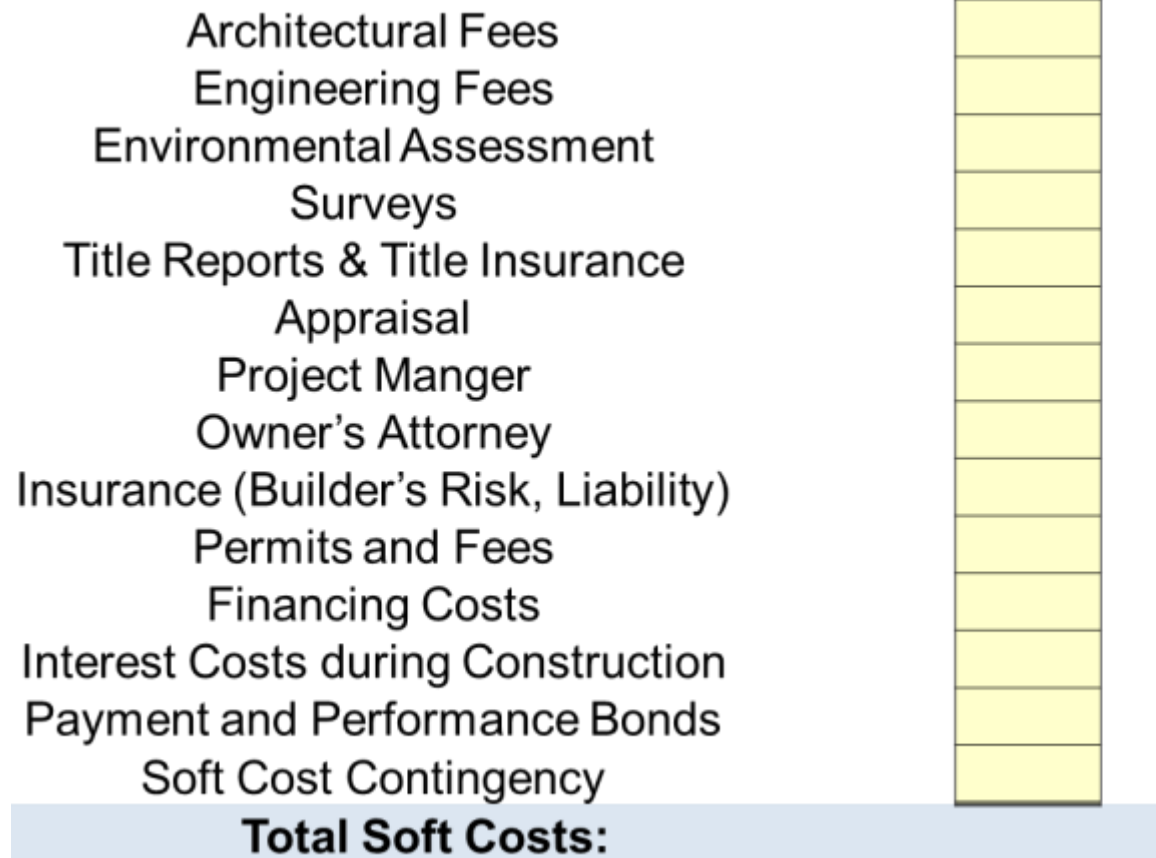


Construction of New Building
 Rehab of Existing Building
 Construction Contingency



Total Hard Costs:

Budget Components



Budget Components

Furniture
Medical Equipment
Dental Equipment
Computers
Telephone/Data
Security Systems
Signage
Equipment Contingency
Total FF&E Costs:



Timeline Considerations

- Site Acquisition – Due Diligence
 - Engineer
 - Property Appraisal
 - Environmental Reports



Timeline Considerations

- Design Development
- RFP for General Contractor
- Evaluation of Bids
- Financing Structures
- Permitting
- Community Education and Buy In



Resources – www.capl原因ink.org



Estimating Capital Project Costs

Assembling a Project Team



Engaging Staff & Community

Contact

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Additional Resources

www.caplink.org