

CASE STUDY: SOUTH LYON COMMUNITY SCHOOLS

Diligent Cost Control Leads to Project Enhancements



Pearson Elementary School

Buying construction means putting your trust in people or a process you might not know much about.

When South Lyon Community Schools sought partners to implement the district's 2015 bond-driven Facility Improvements Program, it needed a team that could nimbly tackle nearly \$52 million worth of construction and renovations over the course of three, 90-day summer breaks and 13 buildings.

While companies such as Granger Construction and the architect,

Integrated Design Solutions, do a great deal of work with clients experienced in construction buying, school districts typically aren't as familiar with the process.

School board terms can be short and turnover frequent. The time between renovations or new building projects can be long. The institutional knowledge and experience surrounding the ins and outs of a major project often departs before the next project begins.

Because of these factors, trust is a critical element for school boards

to consider during the CM selection process.

"I had huge faith in our partners," said Melissa Baker, superintendent of South Lyon Community Schools. "We met

twice a month — sometimes more often — to go over the budget, bid process and any concerns we had."

The South Lyon School Board came to the table with mostly limited familiarity with buying construction.

"Our board president had a good understanding of

construction, but the attention to detail for all of us came from IDS and Granger in terms of updates and best practices to walk us through everything," Baker said.

When evaluating proposals, school boards should look to hire a team that has the experience they might not have. According to Sid Dotinga, senior project manager for Granger Construction, owners should go beyond merely looking at the lowest first cost when selecting a CM partner.

"Selecting a CM based on the lowest

“South Lyon is a good example of how a trusted CM can have a positive impact on total costs and realize significant savings throughout the entire project.”

*Sid Dotinga
Senior Project Manager,
Granger Construction*

PROJECT DETAILS

COST: \$51.9 million

SERVICE: CM At-Risk

ARCHITECT: Integrated Design Solutions

OWNER: Melissa Baker, Superintendent, South Lyon Community Schools

HIGHLIGHTS

- Additions and renovations to all 13 district buildings
- Construction of a new 72,500-square-foot elementary school
- \$1.75 million in added scope due to contingency savings

cost proposal is often problematic," he said. "South Lyon is a good example of how a trusted CM can have a positive impact on total costs and realize significant savings throughout the entire project."

The underappreciated art of cost control

In any construction project, contingency costs are built into the budget.

Due to savings, South Lyon was able to use \$1,750,000 from the contingency budget to pay for extra scope they previously didn't have the money to buy.

Contingency budgets generally range from 6.5 to 10 percent of a project's total cost and are set aside to cover unforeseen building and site conditions, errors and omissions by the architect or construction manager, or things that can't be predicted until a project is underway. The CM tracks these and updates the owner as the project progresses, working hard to limit unnecessary expenses and costly rework while still delivering a quality product.

Because every project is unique and there are many variables that contribute to project risks, it is generally accepted that as much as 4 percent of the project budget can be spent to cover architect and CM errors and omissions.

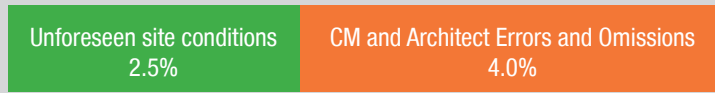
When all was said and done in South Lyon, combined errors and omissions by the construction management and architecture firms totaled a mere 0.6 percent.

The final contingency cost for the project? It was just 0.3 percent. Total.

"Though it's pretty unusual for the number to be that low, that is always our goal," Dotinga said. "Achieving these results is a testament to our systems and procedures that lead to excellence.

CONTINGENCY EXPENDITURES

For the South Lyon Community Schools project, total contingency expenditures were budgeted at 6.5% of the total cost of construction. Of this, 4% was budgeted for errors and omissions by the CM and architect.



Because CM and architect errors and omissions were significantly less than budgeted, the owner was able to increase project scope by 3.4% of project budget, or \$1.75 million.



Actual CM and Architect Errors and Omissions
0.6%

"This was a textbook example of how a project should go."

Chuck Lewis, senior vice president for IDS, agreed. "In our industry, it's essentially perfect," he said.

Because the contingency costs of errors and omissions by the construction manager and architect were so much lower than the original budget, the owner was able to add additional scope and request enhanced modifications to the project.

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"Getting that money back meant we got to go back to our wish list and add a lot more items," Baker said. "That's important to us because South Lyon is

at the lowest funding level in the state of Michigan, so being able to upgrade things like HVAC with bond dollars instead of capital was really significant."

A strong partnership

How do you achieve that level of success?

You choose experienced partners.

"You want to look at the experience a firm has for construction management," Dotinga said. "Look at who they've worked with, and what those people have to say about them."

He said it's also important to look at the dynamic between the architectural firm and the construction manager.

"They should be able to respect each other's work and trust each other," Dotinga said. "If there's a track record there, you're already a leg up."

The history IDS and Granger Construction have working together, coupled with their experience working with South Lyon schools, gave the board a great deal of confidence in the process.

"It's been a strong partnership that's gone on for many years, so you can see their trust and commitment to South Lyon schools," Baker said.



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