

Long-Term Care Redevelopment Project
Best Practices Series

Project Management and Cost
Management

Thursday June 27, 2002

International Plaza Hotel and Conference Centre

Project Management

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Introduction

- Purpose: to achieve the desired end with the least expenditure of effort
- Objective:
 - to coordinate and control all aspects of the project
 - produce a well designed and constructed facility which will meet the client's requirements of function, schedule and budget

Objectivity

- The Project Manager is the Owner's Representative and provides the Owner with a knowledgeable, experienced and objective agent

What is Project Management?

- Provide leadership for the project team and be responsible for the overall success of the project
- Bring knowledge, experience, and proven techniques to the full range of activities involved in the development of a new facility
- Provide the owner with one point of contact or liaison by which they can receive and provide information to and from the project team

What is Project Management? (Cont'd)

- Provide the owner with perspective developed through experience, to assist in interpreting and understanding the information flowing from the project
- Assist the owner in balancing competing demands between the desired building program, cost, time and quality
- Function as the owner's representative, to protect the owner's interests throughout the stages of the project's development

Scope of Project Management Services

- Defining the client's requirements: understanding functional plan and translating it into building program
- Management of selection process of consultants: prequalification of construction manager or general contractor
- Project cost control: develop capital budget incl. development, design, construction, relocation and start up costs
- Scheduling: development schedule, monitor and negotiate adjustments as required

Scope of Project Management Services (Cont'd)

- Owner's liaison: between outside stakeholders incl. MOHLTC
- Expediting project approvals: funding, legal, design, zoning, building permits, inspection
- Procurement: suitable type, process
- Move co-ordination: management
- Full time site representative: throughout construction period

Advantages of Project Management

- An objective agent able to resolve the inevitable conflict between design, construction, budget and schedule in the best interests of the owner
- Providing the owner with the necessary knowledge and experience with similar capital projects
- Ability to maintain a consistent and ongoing review of the design and construction

Advantages of Project Management (Cont'd)

- Project Manager will focus on all aspects of the project allowing the owner to focus on the delivery of Long-Term Care
- Comparative Analysis with previous experience related to:
 - Cost
 - Schedule
 - Method of procurement
 - Finance modeling
 - Consultant performance
- Facilitate the Ministry approvals and compliance process
- Assist and co-ordinate with obtaining the necessary funding commitment

Advantages of Project Management (Cont'd)

The cost of retaining a project manager (PM) is more than made up for over the life of the project by:-

- Resolving problems more quickly:-
 - The PM understands the roles and responsibilities of the various project team members and can facilitate co-operation instead of competition amongst the team members as they take on design or construction problems
 - The PM will manage the communications and expectations among the owner, architect/engineers, planning consultants, contractor and other team members more effectively

Advantages of Project Management (Cont'd)

The cost of retaining a project manager (PM) is more than made up for over the life of the project by:-

- Resolving future problems and risks before they occur
 - The PM has extensive experience that will be brought to bear on development of your project, which allows him/her to anticipate problems
 - An experienced PM has likely seen this type of problem before and if not, will apply proven processes and techniques to resolve it
 - The PM's ability to anticipate problems and risk results in developing a higher quality product the first time

Why Project Management?

- Does the owner have the time?
- Does the owner have in-house expertise?
- Does the owner have experience dealing with consultant contracts?
- Does the owner have experience with the various forms of construction procurement?
- Does the owner have experience with the current Ministry requirements?

When should the Project Manager be retained?

- Many of the early decisions made by the owner will have a significant impact on the outcomes of the project. The type of site, the experience/skills of the design consultants, ensuring that the building program addresses operational issues as well as costs
- In the early stages of the project, there is often little information to work with and it is advantageous for the owner to have the experience and expertise of someone who has development experience to ensure these early decisions are informed ones
- Involving the project manager prior to hiring the design team will allow the project manager to assist the owner in retaining the appropriate consultants, defining their terms of reference and negotiating the fee

Who Provides Project Management Services?

- Professional Managers are from various backgrounds including:
 - Estimating
 - Engineering
 - Architecture
 - Construction

How to Retain a Project Manager

1. Nominate an individual on staff
2. Hire an individual on staff
3. Retain a third party Project Management Consultant

How to Retain a Project Manager (Cont'd)

If you choose to hire a project management consultant, it is typical to issue a Request for Proposals, which should outline at least the following:

- description of facility: # of beds, approx. square footage
- brief description of site and particular issues already identified
- timelines applicable to the project
- who the project manager will report to i.e. committees / Board, organization's liaison
- description of services expected of the project manager

Requirements for Effective Project Management

The project manager should demonstrate the following skills and abilities:

- develop and implement processes and systems necessary to complete a multi-million dollar long-term care project
- establish and maintain clear lines of communication between owner and design team
- understand general principals of design, cost management and construction
- liaise and negotiate with personnel at all levels of the relevant municipal and provincial organizations

Requirements for Effective Project Management (Cont'd)

The project manager should demonstrate the following skills and abilities (cont'd):

- develop and maintain workable schedule
- ensure that the required approvals are obtained and that standards for Long-Term Care are met
- demonstrate interpersonal skill necessary to work with people in a team/group setting
- ability to identify potential conflicts, anticipate problems and develop proactive solutions

Requirements for Effective Project Management (Cont'd)

The project manager should demonstrate the following skills and abilities (cont'd):

- ability to work as member of a team and to assume leadership role(s) as appropriate
- knowledge and demonstrated understanding of:-
 - construction/building process
 - financial and budget principles
 - working with volunteer boards and committees
 - Long-Term Care Design Standards

Fees

The cost for Project Management Services will vary depending upon the method of procurement, the terms of reference, project size and schedule

The following provides some general guideline for fees:-

	% of Construction Cost
Base Project Management Services	1 – 2 %
Cost Management	0.25 – 0.35 %
Project Loan Monitoring (if required)	0.25 – 0.35 %
Full Time On Site Representative	0.75 – 1.25%