

Understanding the Total Project Budget

We use a cost estimate analysis format that is comprehensive and easy to understand. Too many times we find out that an owner's project budget only includes the construction costs or the hard cost and not the soft costs which can add another 20% – 25% to the budget. Here's what a project budget should look like and what each item represents.

Cost Analysis	
A.	Building Costs
B.	Fixed Equipment
C.	Site Development
D.	Design Contingency
E.	Total Construction (A-D)
F.	Site Acquisition / Demo
G.	Moveable Equipment
H.	Professional Fees
J.	Construction Contingency
K.	Administrative Costs
L.	Total Project Budget (A-K)



A. Building Cost:

Includes all costs of construction within five feet of the building line; all items required by codes (fire extinguishers cabinets, fire alarm systems, etc.); and items normally found in buildings regardless of type (drinking fountains).

B. Fixed Equipment:

Includes all equipment items which may be installed before completion of the building and which are a part of the construction contract, such as lockers, food service equipment, fixed seating, security equipment, etc.

C. Site Development:

Includes all work required which lies within the site boundary and five feet from the edge of the building, i.e. grading and fill, fencing, roads and parking, utilities, landscape development, walks, site lighting, street furniture, site graphics, and unusual foundation conditions.

D. Design Contingency:

Typically five percent of A+B+C for new construction is included.

E. Total Construction:

This represents the total budget for construction, usually the contract documents base bid.

F. Site Acquisition / Demo:

Money budgeted for purchasing the project site and/or demolition of existing structures. May include costs for temporary mobile trailers and moving costs if relocation of the owner's operation is required.

G. Moveable Equipment:

This category includes all movable equipment and furniture items, but does not include operational equipment (i.e. computers, copiers, printers).

H. Professional Fees:

Costs of architectural and engineering services and other special consultant services.

J. Construction Contingency:

A percentage of the total construction cost is included to cover change orders. Typically five percent for new construction is included.



K. Administrative Costs:

Items the owner is responsible for during the planning process, i.e., legal fees, site survey, soil testing, insurance, material testing.

L. Total Project Budget:

This represents the total budget required to occupy the new facility and or remodeled areas.

Okay, now the next time someone in your organization says they have a budget for a proposed project, make sure it includes all of the hard and soft costs. Knowing this up front may avoid having to ask for more money or downsize the project. Good luck.

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