

# Learning & Development TRAINING COURSE

The New Headworks Facility Project is a multi-million dollar project, part of the San Francisco Public Utilities Commission's multi-billion dollar, 20-year Capital Improvement Program. These critical investments in our city's infrastructure are an investment in the local people and businesses that make our region so special.

Sundt/Walsh, the joint venture CM/GC on Headworks, is providing this course so that local, small businesses can learn about contracting opportunities on the project and technical elements of the construction industry so that firms can better participate, compete and succeed.

**FREE 6 Week Course**

**November 8 - December 20, 2018**  
(no class on November 22, 2018)

This course will cover the major aspects of:

- **Contracts** — Thursday 11/8
- **Estimating** — Thursday 11/15
- **Project Management** — Thursday 11/29
- **Financial Management** — Thursday 12/6
- **Software** — Thursday 12/13
- **Business Intangibles** — Thursday 12/20

**Learn More & Register:**

[headworksclass.eventbrite.com](http://headworksclass.eventbrite.com)



A Joint Venture



Services of the San Francisco  
Public Utilities Commission

**SEWER  
SYSTEM**  
IMPROVEMENT PROGRAM  
Grey, Green, Clean.

## **Cost & Financial Management Course Syllabus**

- *2 Hours (Interactive)*
- *Introduction & Overview to Financial Management*

# ***Introduction to Cost Management***

- Understanding the process for planning project cost.
- Defining the components of project cost.
- Understanding the critical relationship between Preconstruction and Operations as it concerns cost management.
- Understanding the processes for controlling, forecasting and managing costs and changes.
- Understanding the difference between Actual and Reimbursable Costs.

# Costs

- Actual Costs
  - Labor and burden payroll
  - Insurance and bond cost invoice or internal charge
  - Equipment invoice or internal charge
  - Materials invoice
  - Purchase order invoice
  - Subcontract pay application
- Reimbursable Costs
  - Costs are defined by the contract

# *Purpose of Cost Management*

- Effective Cost management begins early in project planning and sets the framework for each of the cost management activities throughout the project lifecycle so that performance measurement, forecasting and reporting will be coordinated, efficient and reliable.
- Cost management is closely linked to scope management.
- The ability to influence cost is greatest at the earliest stages of the project while the scope is being defined.
- Disciplined cost management is necessary to ensure consistent and reliable evaluation and reporting on the financial status of the enterprise to our business partners and shareholders.

# Estimate Costs – Inputs

- *Cost Management*
  - Cost Management Plan
  - Staffing and timing
  - Scope Baseline RFP/Contract Documents (Variable)
  - Work Breakdown Structure (WBS) for Cost Activities
  - Schedule – cost loaded
  - Risk Register
  - Enterprise Environmental Factors

# *Estimate Costs – Tools & Techniques*

- *Cost Management*
  - Detailed Estimating
  - Subcontractor/Vendor
  - Group Discussions
  - Template(s) – Abstracts
  - Estimating Software
  - On-Screen Takeoff
  - D-Profiler
  - Cost Modeling
  - Historical Cost

# Estimate Costs – Outputs

- *Cost Management*
  - Activity Cost Estimates
  - Basis of Estimate
    - Clear understanding of how the estimate was derived
    - Documentation of basis / assumptions
    - Range of possible estimates
    - Update of plan documents / risk register

# Determine Budget – Inputs

- Cost Management Plan
- Scope Baseline RFP/Contract Documents
- WBS for Budget(s)
- Activity Cost Estimates
- Basis of Estimates
- GC's/GR's
- Schedule
- Staff Resources
- Risk Register
- Agreements
- Logistics/Location
- Procurement Variables
- Market Stability

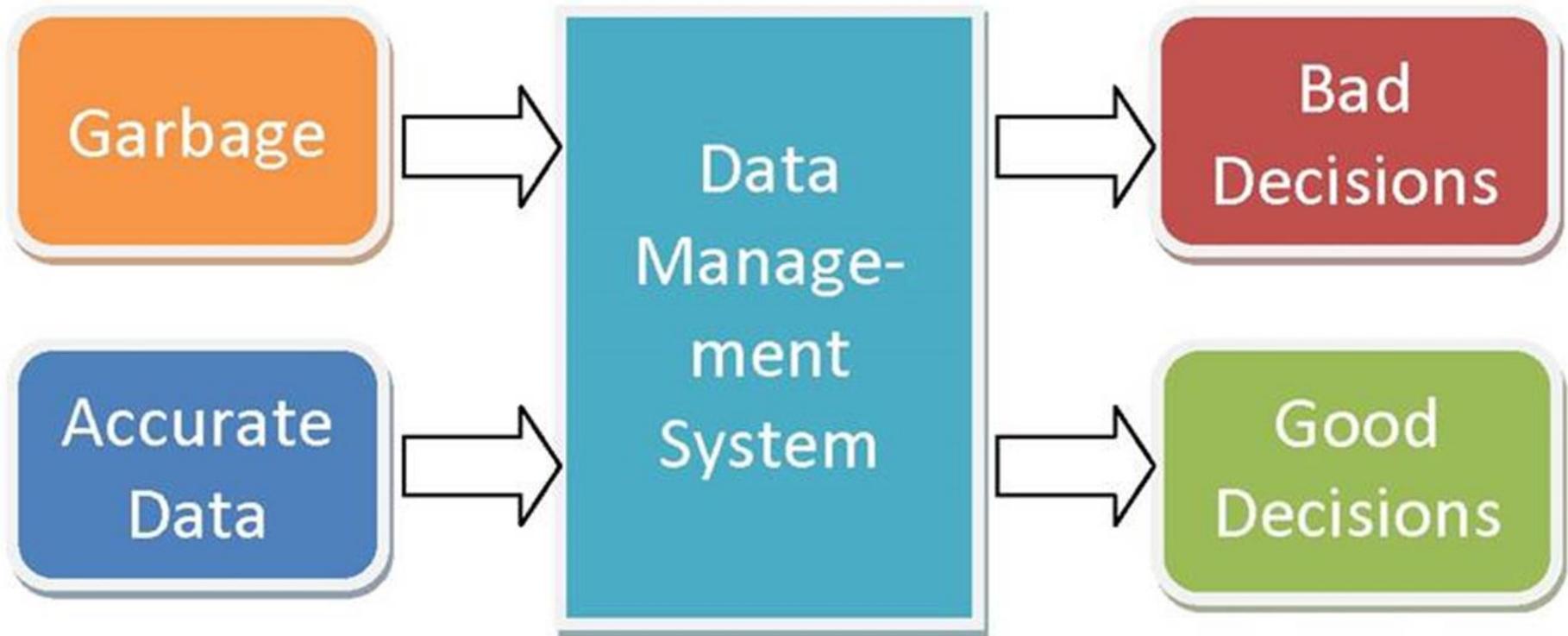
# *Determine Budget – Tools & Techniques*

- Budget Checklist
- Del Log
- Abstracts
- Risk analysis forms
- Cost models
- Scope documents
- Specifications review
- Expert Judgment

# *Determine Budget – Outputs*

- Cost Baseline
- Project Documents Update
  - Risk Register
  - Activity Cost Estimate
  - Project Schedule
- Project Funding Requirements
  - Cash Flow – Cost Loaded

# Data In – Data Out



# Data In – Data Out



## Wrap Up

- Understanding the process for planning project cost.
- Defining the components of project cost.
- Understanding the critical relationship between Preconstruction and Operations as it concerns cost management.
- Understanding the processes for controlling, forecasting and managing costs and changes.

# *Financial Management*

- Identifying key project financial issues
- Understanding contractual requirements
- Understanding payment terms and conditions
- Understanding the retention process
- Cash flow forecasts
- Financial implications of Joint Ventures

# Source of Funding

## Public Projects

- How is the project being financed
  - a. Bonds
  - b. Availability payments
- Any political or public opposition to the project?
- Any potential changes or challenges to existing legislation?

## Private Projects

- How is the project being financed
  - a. Equity
  - b. Debt
- Confirmation of funding sources
  - a. Reliability of these sources

# *Understanding Payment Terms & Conditions*

## Pay application process

- Who approves
- How many sign offs
- Timing
- Schedule of values, milestones, actual contractual cost

## Assign Responsibilities

- Who prepares the pay app
- Who reviews
- Who signs and walks the owner's rep through the pay app

## Release of Payments

- Timing
- Method of Payment
- Who follows up on payment status
- Retention Process

# *Additional Questions*