

Project Pricing and Cost Control Strategies in Today's Volatile Market

ACEC San Antonio

February 14, 2023

123 Years in Water, 115 years in Texas Water

\$2.7 billion

annual construction delivery

130+ COLLABORATIVE

DELIVERY PROJECTS

in the past 10 years

2,310+ water projects

in the past 10 years

Over 1,200

Texas based construction, craft & engineering professionals

\$3.8 billion

annual procurement volume

140 procurement professionals

120MGD WICHITA NWWTF



#2

DESIGN FIRM IN TEXAS &
LOUISIANA

#6

TOP 100 DESIGN-
BUILD FIRMS

#12

TOP 50 PROGRAM
MANAGEMENT FIRMS

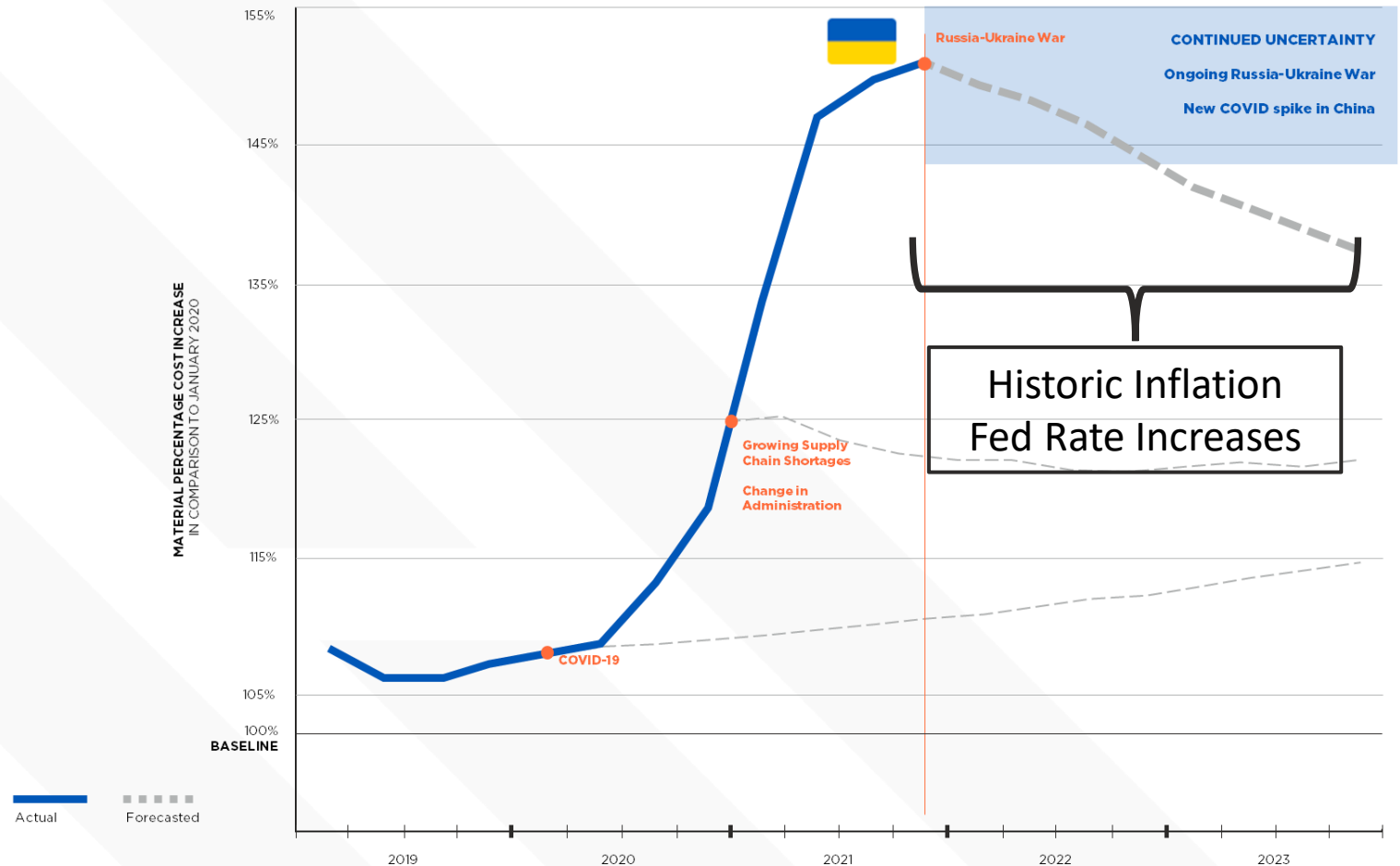
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LARGEST
CMAR FIRM

STATE OF THE MARKET

Recent Impacts to Construction

- Project needs > resources
- Craft labor stretched
- Supply chain disruptions
- Delivery uncertainty
- General pricing volatility
- Interest rate increases
- Bid validities very limited



UNCERTAINTY

COST RISK

Current cost modeling methods & resources do not accurately reflect current and future budget needs

SCHEDULE RISK

Historical lead times do not accurately reflect current and future delivery considerations

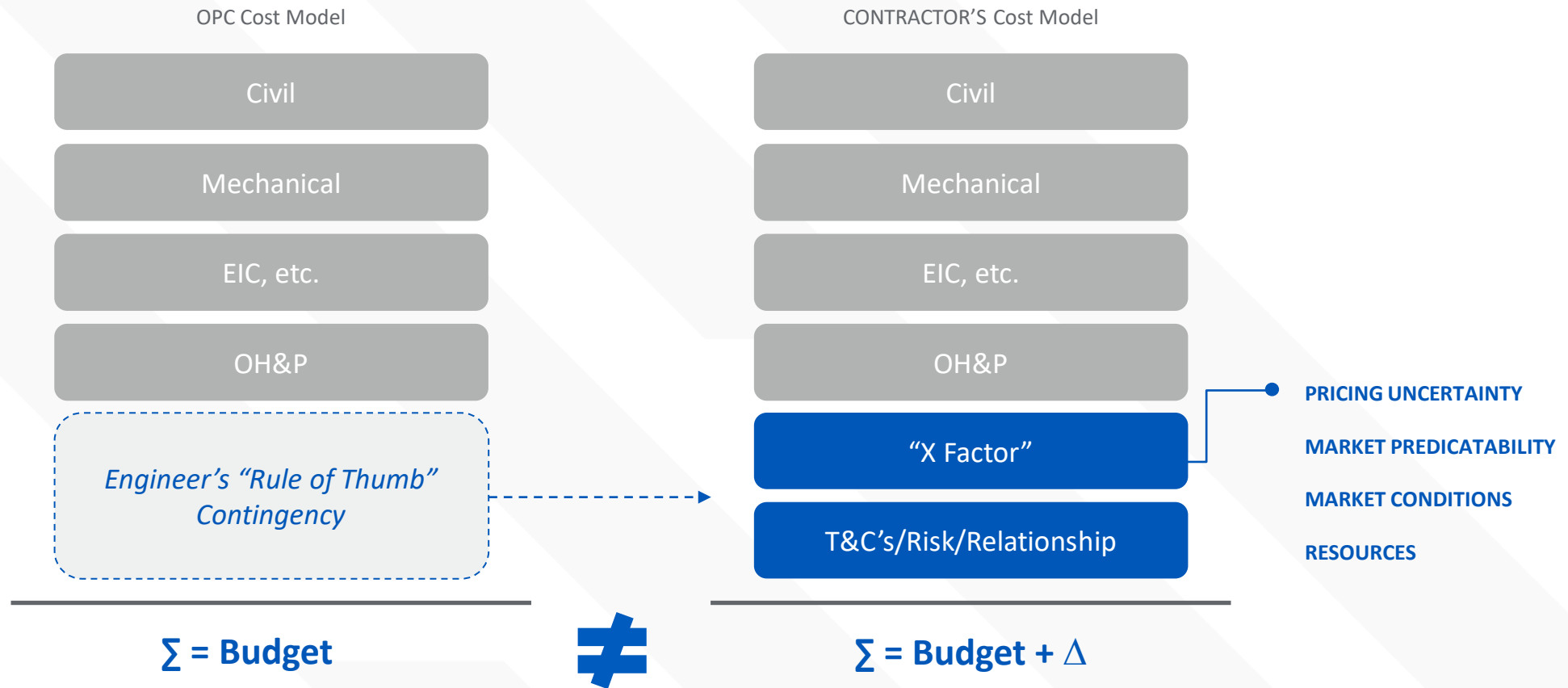
Strategies to Manage Uncertainty

1. Truth the Cost Estimate
2. Drive Design to Budget & Procurement

TRUTH THE COST ESTIMATE

WHAT'S IN THE NUMBER?

Components of OPC to Market Cost Models



Truth the cost estimate



Consider the source – historical is the first mistake?



Adequate risk modeling in today's market



The art and science of conceptual price models



Understanding of market conditions effecting the project

DRIVE DESIGN TO BUDGET and PROCUREMENT



Flex Tactics from Collaborative Delivery Models

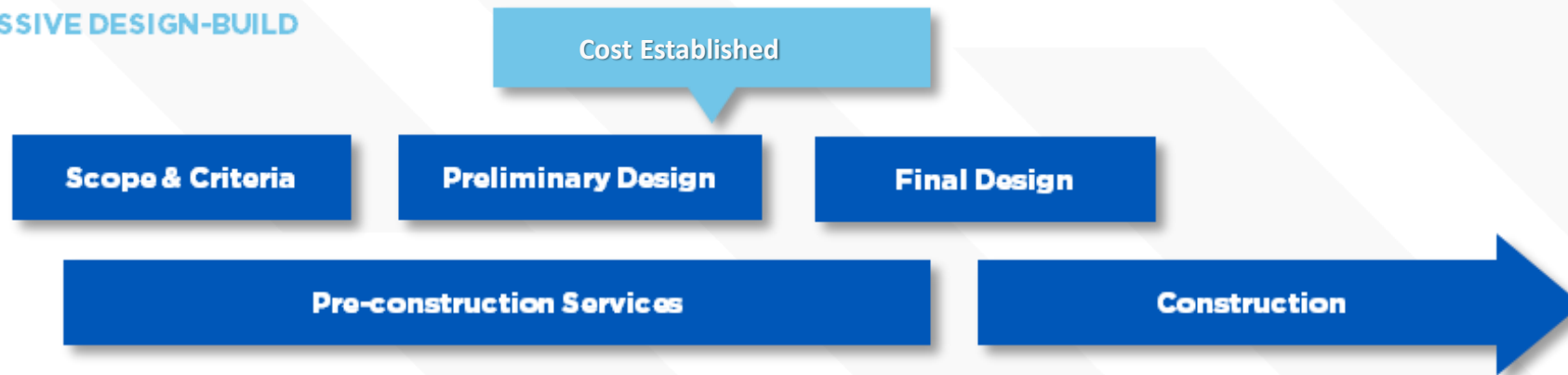
TRADITIONAL



CMAR



PROGRESSIVE DESIGN-BUILD



Procurement Flexibility

LONG LEAD ITEMS

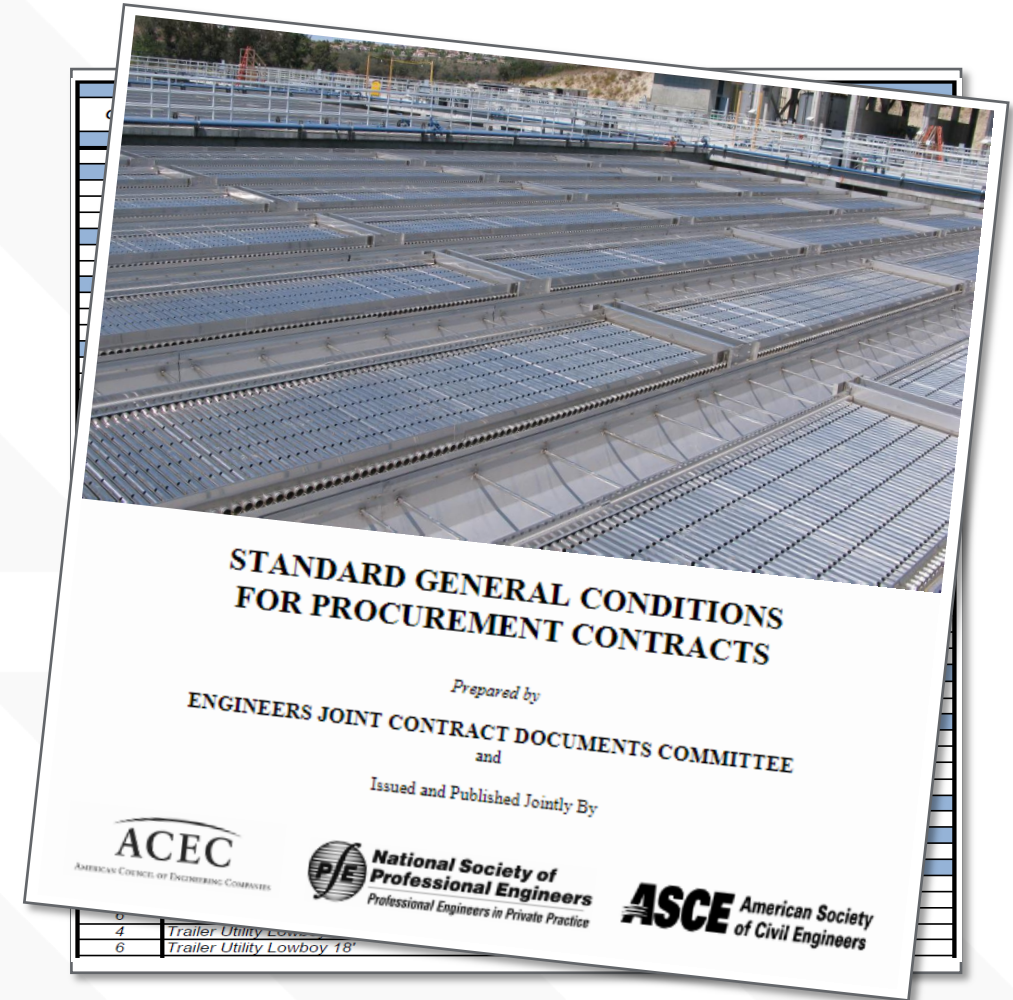
- Stainless steel products
- Actuators/Electrical equipment
- Pipe, Valves and Castings

COMPETITIVE PROCUREMENT OF EQUIPMENT

- Owner selects based on preset criteria
- Can be a “best value” selection

EJCDC STANDARD DOCUMENTS (P-SERIES)

- Terms and Conditions
- Assignment Language
- Warranty Language



QUESTIONS?