**Section IV - PROJECT ESTIMATING**

**Los Angeles Lakers Headquarters**

**El Segundo, California**

**PREMISE**

Congratulations! You and the rest of the project team have just been notified that Morley Builders has been selected as the General Contractor for the Los Angeles Lakers Headquarters project in El Segundo! However, award is contingent on establishing a Guaranteed Maximum Price (GMAX) for the Contract. As the Estimator of the project team, this means show time! The Lakers Organization is looking for the project team to determine the complete construction costs for the project. For the Lakers, this exercise will help validate their budget and will be used to determine how much they can spend in the 2017 free agency, where the list of unrestricted free agents include the likes of Stephen Curry, Chris Paul, and Blake Griffin. For you, the Contractor, this exercise is important to establish trade line item direct costs and project indirect costs, otherwise known as General Conditions, which the company will be responsible for throughout the course of construction. The primary component of the GMAX will consist of a detailed Schedule of Values (SOV) of direct and indirect costs.

The team has identified the following items that they need you to include in the Solutions Binder:

1. Overall Project Schedule of Values (SOV)
   * Create project SOV by completing the provided Template
2. Estimating Questions

The following Exhibits are included in this section:

* + Exhibit IV.A.1 - Schedule of Values Template

1. **Creation of Schedule of Values (SOV)**

The Project Team needs to determine a Guaranteed Maximum Price (GMAX) for the project. The GMAX will be established through the creation of a project Schedule of Values (SOV) breakdown.  This SOV must include all direct and indirect costs and all below the line mark-ups. All of these costs will become the basis of Owner/Contractor contract.

Based on the information provided above, complete the following tasks and input all quantities and costs into the Schedule of Values spreadsheet, see Exhibit IV.A, to complete the estimate and determine the total project cost.  Except as noted below, your team will determine the appropriate unit of measure, unit price, and develop the quantities necessary to determine the total price for each trade. Use of estimating guides such as RS Means and any other historical cost data are acceptable in developing the trade line item pricing.

* Incorporate general conditions and general requirements as a component of the aggregate GMAX estimate.
* As part of this exercise, the team will need to determine the appropriate fee, gross receipts tax, bond and insurance percentages. The fee will be calculated on the entire cost of the project.
* Cryogenic chambers shall be included in Miscellaneous Specialties.
* Hydrotherapy pools shall be included in Plumbing.
* Furnishings consist of Telescoping/Retractable Gymnasium Seating, Basketball Court Equipment, and Scoring Displays. The quantity to be measured per each half-court.
* Signage includes all code signage and line item pricing needs to be calculated per gross square feet (GSF). Sign types involving graphic lettering of metal fins shall be included as part of the Decorative Vertical Fins trade.
* Demolition was completed previously by an alternate contractor. The site, in its present condition, is an empty, dirt lot.
* For unit of measure provided, you must provide line item pricing in specified unit.

Complete/fill out all missing cost information and calculations on the Schedule of Values worksheet required to provide a total project cost and turn-in the completed Schedule of Values, Exhibit IV.A.1, in your Solutions Binder. Include all appropriate take-off/back-up.

1. **Estimating Questions**

When preparing an estimate, there are many business decisions the project team must consider before establishing a GMAX Contract with the Owner. The Project Executive has identified the following items as potential business decisions that need to be addressed by the project team in conjunction with preparing the estimate.

In the space provided in Exhibit IV.B, make your recommendations to the questions asked by the Project Executive. Include your answers on the sheets following and return in the Solutions Binder.

**SCHOOL NAME:**

**ESTIMATING QUESTIONS**

* + - 1. Because of the ability of sponsors to purchase naming rights for the new Los Angeles Lakers Headquarters, the project team has identified that the Signage trade is one with significant exposure. Depending on negotiations between the Lakers Organization and their corporate sponsors, the extent of graphic/sponsorship signage (especially exterior ones) can change significantly. Describe how you propose to address this potential cost increase while preventing your company from being exposed to added cost due to drawing developments.

**SCHOOL NAME:**

* + - 1. You have set the GMAX estimate and the team is making final reviews when you are unexpectedly approached by the Owner’s Representative. He informs the project team that the Lakers Organization is requesting that Mamba Athletic Flooring be hired as the subcontractor to install the wood flooring for the basketball courts and that you reach out to their Estimator for a proposal. Mamba Athletic Flooring is an open shop subcontractor, and while there are no union requirements for the project, Morley Builders is signatory towards Union carpenters. What options can you propose to the Owner’s Representative for having Mamba Athletic Flooring perform the desired work?

**SCHOOL NAME:**

* + - 1. When presenting the GMAX estimate to the Owner, the project team typically includes a list of potential cost savings and/or value engineering suggestions. In situations where the proposed GMAX estimate exceeds the Owner’s budget, cost saving/value engineering items are accepted in order to bring the costs back down. Describe the difference between cost savings and value engineering and provide an example of both from the Lakers Headquarters project.

**IV. PROJECT ESTIMATING**

**Los Angeles Lakers Headquarters**

**El Segundo, California**

**EXHIBITS**

The following exhibits are included in this section:

* Exhibit IV.A.1 - Schedule of Values Template