
R/B

Construction Consulting

R/B CONSTRUCTION CONSULTING:

**46 WIDDOP CRESCENT HOME REONVATION,
HIGHETT**

Version 1.0

Intended Implementation: 22nd January 2019

Client: Jack Coombes

Project Manager:

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***NOTE THIS PMP IS SUSCEPTABLE TO CHANGES FOLLOWING QUOTES AND REAL-ESTATE AGENT DISCUSSION.**

1 EXECUTIVE SUMMARY

The renovation has an **estimated budget** of **\$50,000** and a reserve of **\$30,000**. The renovation is not expected to exceed \$80,000. The money is funded by a bank loan that will be paid over the duration of 2 years. The money will be acquired through the revenue the rental property will make. Rental revenue per annum is expected to be approximately \$40,000 - \$50,000.

The renovation is expected to **begin 22nd of January 2019** and **end on the 1st of December 2019**. The project has an estimated run time of 9 months. Ideally the project is to be completed by the 30th of August.

The intention of renovating the property is so that the property can be leased long term to a family over a number of years so that the loan can be paid back. The property is expected to be aesthetically pleasing and functional. The renovation is being completed now so that the house can be sold at a later date.

The house is two story and designed for family (4-5). The house includes 2 complete bathrooms, a toilet with 5 bedrooms a rhombus room with a kitchen and living. The house has an exterior garage, back yard and front yard. The house is versatile where bedrooms can be converted to a study or any other functional space.

*The following project deliverables is dependent on the agreement between property owner and the agency selected for renting the property. Based on the agreement between both parties will determine whether or not the following project deliverables are to be completed. **Hence project deliverables are susceptible to change.***

Project predicted deliverables are expected as follows;

* note that deliverables highlighted have been excluded from the budget and schedule

- Kitchen Instalment
- Flooring instalment
- Interior Painting
- Fence/Gate Construction
- **Garage Renovation**
- Restumping
- Bathroom Renovations (Tiling)
- **External Aesthetics**
- **Internal Cooling System**
- **Gutter Replacement**
- Landscaping (Front/Back)

Budget and Cost

Task	Budgeted Price (\$)
Fencing	10,000
Kitchen	25,000
Tiling	2,000
Stumping	8,000
Floating/Carpet	35,000/20,000
Landscaping	N/A (Jacks known Price) 5,000?
Cabinets	10,000
Painting	Excluded (client is painting)

Predicted Cost	95,000/85,000 (dependent on floating/carpet)
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2 PROJEECT SCOPE

The Highett housing project involves the organisation of labourers in order to the renovation on completion of the project the outcomes are expected to be;

- Kitchen Instalment
- Flooring instalment
- Interior Painting
- Fence/Gate Construction
- Garage Renovation
- Restumping
- Bathroom Renovations
- External Aesthetics
- Internal Cooling System
- Landscaping (Front/Back)

The proposed budget for the renovation is expected to be approximately \$50,000 - \$80,000. The project is expected to **begin 22th of January 2019** and **end on the 1st of December**.

Project success is accredited to completing both units within the expected set dates of the project. The project's success is also determined by the cost remaining within the projected budget. The quality of the project is also a determination of the project based on the client's expectations and builder's ability in constructing the units.

Work Schedule

All labourers are working a standard 8-hour day. 1 hour of which is attributed to an unpaid lunch break. They will be working for a paid 7 hours with hourly set rate. Starting work from 8:00am and working until 11:00pm, followed by a 1-hour lunch break and resuming work from 12:00pm until 4:00pm. Labourers will not work weekends and are expected to work public holidays with a standard rate.

2.1 Milestones

The following table includes key milestones of the project and their expected completion date. Completion dates may be susceptible to change throughout the project.

Milestone	Expected Completion Date
Property Cleared and Cleaned	
Real-estate agent Assessment	
Key deliverables Identified	
Flooring Completion	
Kitchen Instalment	
Tiling	
Painting Completed	
Cabinets Installed (backroom)	
Real-estate agent Approval	

Milestones are susceptible to change dependent on client and real-estate agent agreement. Expected completion date can be defined by the client.

2.2 Exclusions and limitations

Project exclusions revolve predominately around the construction of the housing units.

- **Waste Removal** – Removal of waste products by contractors' ins excluded from the budget and scheduling of the project.
- **Legal documentation** – All legal documentation will be handled by the client/contractors and their own personal team
- **Transport** – Delivery of resources and materials are excluded from the cost and is handled by the suppliers. Transport also includes labourers and their mode of transport to and from the work site.
- **Project Closing** – The removal of unused materials and waste is excluded from the project cost and time projection and is to be organised by the client.
- **Safety Inspection** – safety inspection by a trained professional is to be handled by the contractors of the project.
- **Electricity/water usage** – Electrical and water bills are excluded from the project costs that are used by contractors.
- **Fit outs (tap heads/basins/ect)** – The price of fit outs for the project have not been included in the project budget.

2.3 Assumptions

The project assumes a number of variables in relation to the success of the event.

Permits – The project assumes no building permits are required for the project for any of the activities. This is assumed for cost and scheduling.

- **Resources/Materials** – The project assumes the materials and resources will arrive on time and are of quality standard.
- **Weather** – The project assumes that every day of the schedule will be suitable working conditions for labourers to work on the site.
- **Building Standards** – The project assumes upon completion of the project; the units will be of industry standard and will not require further work on the project.
- **Labour Scheduling** – Project assumes that all labourers will complete the job within the projected time frame.
- **Renters Requirements** – The project assumes that the work to be completed on the project is based on the rental agencies requirements for the property to be rented. This means activities are susceptible to be changed/removed.

- **Loan** – The project assumes the client will receive a loan for the exact amount aforementioned (\$50,000 - \$80,000) to complete the project.
- **Property Vacancy** – It is assumed the property will be vacant and available for construction following the property being cleaned.

2.4 Risk Assessment

Several risks have been identified with the project. The risks related to project are of medium to high risk based on their likelihood of occurring and to the extent of which each risk would impact the project budget, time and quality.

Procurement of resources – Materials and resources directly involved with the project has the potential to affect the project in relation to timing, budget and quality. If the procured resources and materials do not arrive within the required dates, the project can result in the project duration running over the intended period. The resources that are delivered has the potential to be of low quality as result cannot be used in the project. This would require more money to fund more resources and would also push the project back further.

Plaster Board Replacement – If the plaster board is to removed throughout the house where mould has developed the project may be required to be pushed back and or key deliverables will be required to be reprioritised due to budget controls. Critical path method will also be affected due to the fact that painting cannot commence until the boards have been replaced in that particular room. To account for this risk, having a tradesman come and assess the walls will be required before commencing the project.

Permits – Permits maybe required for the fence or any other external development. Permits time and money costly. Ensure that no permits are required for any changes to the project prior to construction. Inquire with a labour professional about permits to avoid any unknown costs/legislation. Permits require a significant amount of time to prepare and be approved.

Budgetary Issues – The project budget is restricted regarding the intended renovations proposed by the client. Based on predictions the project is expected to exceed the budget. If the budget is exceed there is the potential the project will not be completed and meet the real-estates agents expectation for rent. It is important to **prioritise key activities that are most relevant to renting the property out.** Following this money can be spent in other areas for improvement.

Unexpected Costs - Due to the nature of the project it is expected there hidden costs may occur in regards to labour, materials and unknown issues with property that maybe uncovered at a later date. The project should be budgeted to approximately \$50,000 where the following money can be used in case of an emergency. This will avoid withdrawing more money from the bank than initially intended.

2.5 Scope review Questions

Client: Is it worth pulling down the shed and building a new one?

Response: Ask the labourer. They will be able to assess whether or not the structure is safe. The cost to remove asbestos, demolish, rebuild and apply for permits could be potentially very damaging to the project in relation to budget and time. Prioritise key deliverables.

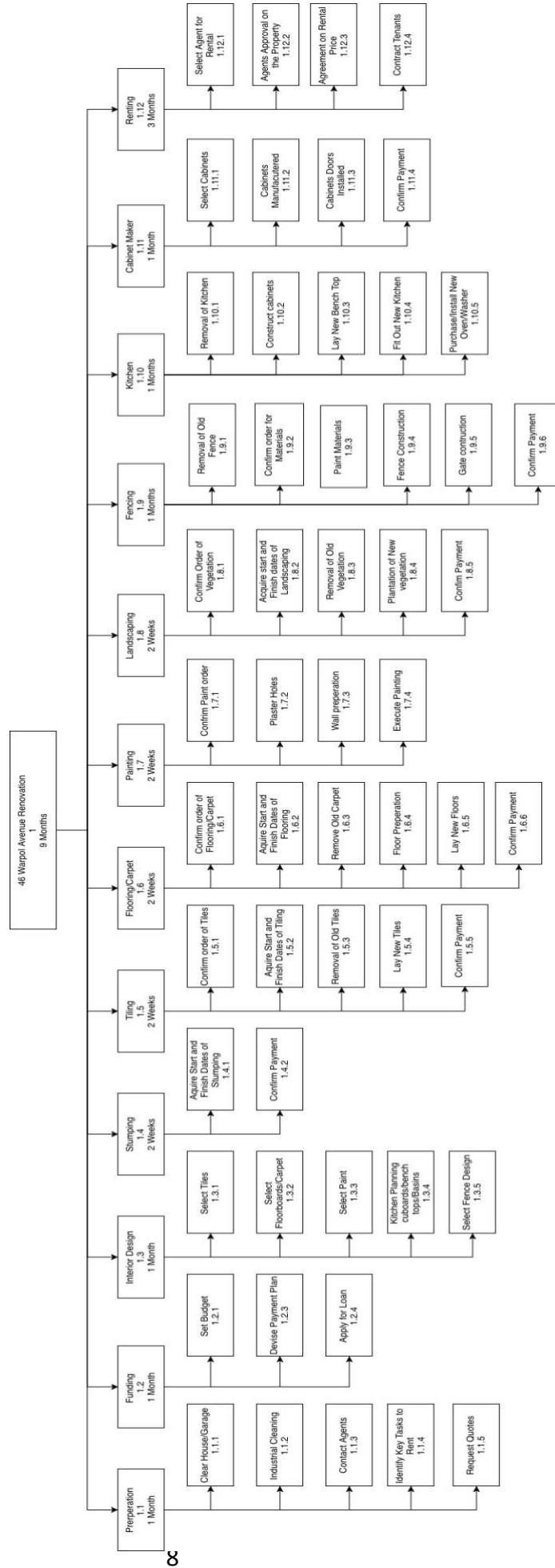
Client: Should I lay carpet or floorboards?

Response: Floorboards are far more costly than carpet. There is also the issue of the stairs and upstairs area. Check what deals there are. Also check with your interior designer for other options.

2 PROJECT SCHEDULING

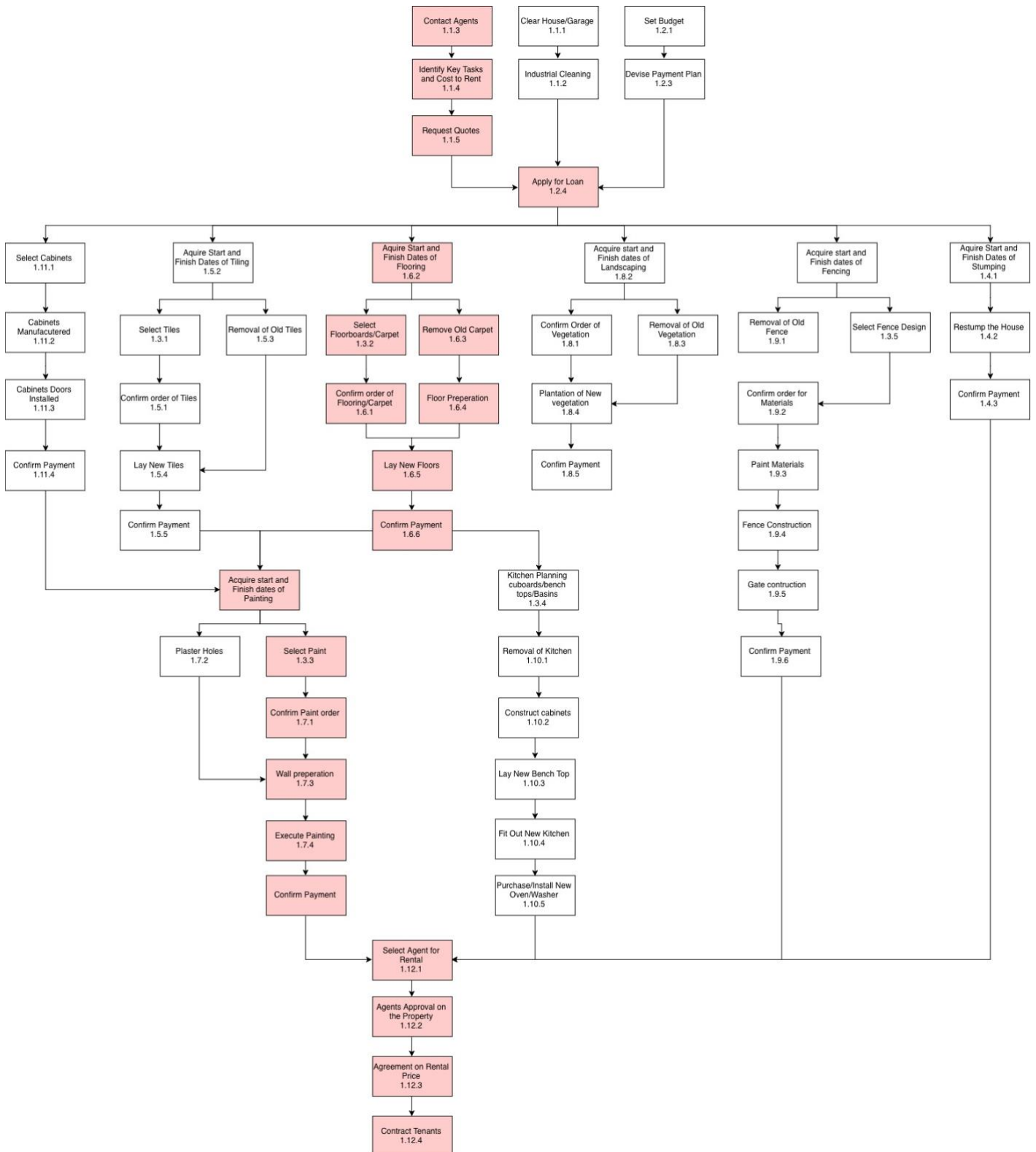
2.1 Work Breakdown Structure

The following diagram illustrates the tasks that are to be completed and the steps involved to complete the tasks. Each Activity is broken with specific tasks that are required for the activity to be completed.



2.2 Project Node Chart/Critical Path

The following chart illustrates the order of operations in which activities are to be completed throughout the project. Any activity that is connected by an arrow illustrates that particular activity cannot start until all other activities pointing to are completed first. The *predicted* critical path is highlighted in red and is expected to take the most amount of time.



Project Node Review

Based on the project node it is evident there are 3 Key dependencies in the project. Assuming that all project activities run on time and all project activities are agreed upon and funded for, 'The Loan', 'Kitchen Instalment' and 'Agent Selection' are the bottle necks of the project. Prior to taking out the loan it is important be aware of what deliverables are detrimental to the project in order for the house to be rented out. The longer the project proceeds, the greater the interest will be when the loan is to be repaid. Once the loan has been granted, scheduling of the builders can begin. 2 key activities involve the flooring and cabinetry being erected. These two activities must be completed prior to painting and the instalment of the kitchen. Painting can begin immediately following wall preparation. The kitchen and the back room will be required to be painted last due to the instalment of the cabinets. The kitchen cannot be installed until the floor has been laid due to the effect it will have on measurements of the cabinets. Lastly The property cannot be rented out until all activities have been completed decided by the client and real-estate agent. Once approved by the real estate agent the property can be rented out and the loan repaid.

There is no predicted time scheduling due to lack of labourer's quotes for their availability and predicted schedules. Due to this, the critical path method (longest path to complete the project) cannot be made. Based on the schedule it can be predicted that the longest path is that highlighted in red in the chart.

2.3 GANTT Chart

*Project Schedule will be devised based on quoted dates by the labourers.

2.4 Gantt Chart Review

*Project Schedule will be devised based on quoted dates by the labourers.

3 COST MANGEMENT PLAN

3.1 Cost Management

The project costs and finances will be monitored by the client. The estimations made for the project have been *over estimated until defined by quotes given by labourers, this includes resource/materials used for the project.* Activity expenditure reports will be written by contractors and finance managed by the client.

Project Budget (AUD\$)

- Resources: N/A
- Labour Cost: N/A
- Miscellaneous: N/A
- Total Project Budget: 50,000
- Management Reserve: 30,000

Cost Management Approach

The client will monitor activity expenditure over the course of the project. The financial performance of the project will be determined by renovating the house to a standard that is acceptable to be rented by a family, and spending as little of the budget as possible. The project costs are rounded to the nearest dollar financial convenience. All labour costs are based on the fixed hourly rate at which they work. A status report will be required for any cost variances across the project.

Direct costs will be calculated based on the measurements of labourers and wholesalers of the product. Where indirect costs aren't directly related to the project costs.

Direct costs include;

- Lumber
- Fit outs
- Tiles
- Paint
- Plants

Indirect Costs include;

- Electricity bills
- Water bills
- Property tax
- Insurance

Loan Repayment

Loan is expected to be repaid following the rental of the property. It is expected to be repaid within two years following the calculations of the client. It is intended to repay the loan soon as possible by renting out the property as soon as possible and spending as little of the budget as possible.

Cost Change Control Process

Any changes or adjustments to the budget must be handled accordingly. For any changes made, the client must be contacted directly by the contractors. Based on the assessment of the contractor and the client the best course of action to maintain within budget and within the schedule will be taken.

4.2 Cost Drivers

The listed cost drivers are expected to have an impact on the project. The cost drivers may be susceptible to change over the duration of the project based on their use and other variables.

- Number of plants required to be planted
- Number of plants to be removed
- Machinery Hire
- Quantity of hours of labour worked
- Skip rental

4.3 Cost Quotation and Resource Estimation

The following tables provides an estimated cost of the project of different activities and parameters. The table also includes all required personnel and quantities.

*** This can be filled out following the quotes given and calculated resources.**

Task	Quoted Price
Fencing	
Kitchen	
Tiling	
Stumping	
Floating/Carpet	
Landscaping	
Cabinets	
Painting	
Quoted Project Cost	

Cost Predictions and Budget Control

The following values are based on previous estimations of similar projects. This proves a guideline for the potential cost the activities involved with project. **These values are not quoted values.** This table serves as a purpose of the proposed budget per activity. This is susceptible to change based on quotes given.

Task	Budgeted Price (\$)
Fencing	10,000
Kitchen	25,000
Tiling	2,000
Stumping	8,000
Floating/Carpet	35,000/20,000
Landscaping	N/A (Jacks known Price) 5,000?
Cabinets	10,000
Painting	Excluded (client is painting)
Predicted Cost	95,000/85,000 (dependent on floating/carpet)

Cost and Budget Control Review.

Based on the *over-estimated costs* of the project it is expected that the project will cost approximately **\$5,000 to \$15,000 more** than the original budgeted price. Based on budgetary control it is expected that all key deliverables will not be completed in preparation for renting. To remain within budget based on these predictions, the most important tasks will be prioritised based on the agreement between real-estate agent and the client to ensure best possible financial outcome and find a potential renter as soon as possible.