



FROM CONCEPT TO COMPLETION

HOW-TO GUIDE FOR COMMERCIAL REAL ESTATE DEVELOPERS



BREAKING NEW GROUND IN CONSTRUCTION

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FROM CONCEPT TO COMPLETION

When the right opportunity comes along, commercial real estate developers and brokers need to act quickly. But you also must not overlook any critical details. A misstep could mean a hit to your pro forma, a delay in turning your vision into tangible reality, or possibly losing a deal.

That's why you'll want a builder that knows the development process and who cares about your project — including the budget and timeline — as much as you do and can help ensure no missteps along the way.

This guide outlines the details involved in the development, design and construction process — and that DBS Group will lead for you — from concept to completion of your project. Understanding the steps involved can better prepare you for the process and help you make a smart decision when it's time to choose a build partner.



SITE SELECTION AND EVALUATION

Location, location, location. When it comes to commercial real estate development and construction, the adage goes far deeper than most imagine. Of course, you'll want a location that's sized right for your project and is convenient and attractive for clients. But you'll want to consider several other factors as well.

To help you find the optimal location for your project, DBS Group can help you:

- Identify target community/communities for project location(s).
- Contact local resources for potential sites (municipalities, economic development corporations and commercial real estate brokers are good places to start).
- Identify available, existing feasibility study information.
- Visually analyze potential sites.
- Conduct a preliminary analysis of the location's proximity to complementary amenities.
- Conduct a preliminary analysis of site features (size/shape, topography, ingress/egress, proximity of site utilities, etc.).
- Solicit local market knowledge regarding potential sites (location, local need/demand, planned projects, competition, etc.).

This is also an excellent time to collect information about prospective sites. If available, DBS Group will gather:

- Location maps.
- Utility maps.
- Surveys available (boundary, land title survey, topographic).
- Zoning maps.
- Comparable property sales in the area.
- Other pertinent GIS (Geographic Information Systems) information.



REPURPOSING VS. BUILDING NEW

If you find an optimal location with an existing building on the site, you'll need to choose between repurposing the existing structure or demolition and building new. The primary drivers in this decision will be budget, schedule and location, so DBS Group will examine:

- Structural integrity — evaluate the primary building as well as adjacent/neighborhood buildings.
- Hazardous building materials — Does the building contain asbestos, lead-based paint, mercury, PCBs or other hazardous materials requiring remediation?
- Building systems — Inspect roof, electrical, plumbing, HVAC and other building systems to determine their remaining useful life and calculate the cost of replacements.
- Code considerations — Does the building and site meet the current energy codes, building codes, ADA requirements, etc.?

All those considerations will go into calculating the anticipated cost of remodeling the building for your intended use.

SCHEMATIC DESIGN

Once a potential site is selected, we'll generate schematic design information to provide a preliminary overview of your project's layout and function. This is critical to determine whether the potential site is right for your project.

The schematic design information will incorporate the following:

- Preliminary Floor Plan development.
- Preliminary Site Plan development.
- Evaluation for potential building expansion in the future.

PRELIMINARY CODE STUDY/ ENTITLEMENT SCHEDULE

Identifying site-specific codes, and the process for obtaining required project approvals and permits (aka Entitlements), is important to determine if a potential site is right for your project. We will conduct a preliminary code study to identify the following:

- Current zoning of the site parcel — is the intended use an approved use? If not, we'll identify the re-zoning process, duration and fees.
- Identify planning and zoning approvals required and the process, duration and fees for each.
- Identify agency approvals and the process, duration and fees for each.
- Identify project assessments and the approximate fees (if available).

COST GUIDANCE SUMMARY

After developing schematic design information and conducting a preliminary code study, we will develop a cost guidance summary (aka preliminary budget). When developing a cost guidance summary, DBS Group will consider:

- Design, building improvements and site improvements. This will be useful for the pro forma development and financing work to come.
- Actual cost data from similar projects in the region.
- Quantity take-offs and unit rates from a historical cost database. Quantity take-offs are detailed measurements of materials and labor needed to complete commercial construction projects. And unit rates provide the monetary value ascribed for specific components of a project.
- Solicit pricing input from key vendors (as applicable/needed).

PRELIMINARY SCHEDULE DEVELOPMENT

The preliminary schedule identifies the anticipated duration of each step required to complete your project. While developing the preliminary schedule, it's important to evaluate the overall process and the interconnection of the many activities required to bring a commercial development/project to reality. We have that expertise and can develop a preliminary schedule you can rely on.

The preliminary schedule will include activities and durations required for:

- Offer-to-Purchase due diligence.
- Design and engineering.
- Entitlement (permits and plan approvals).
- Vendor bidding.
- Procurement, factoring in material and equipment lead times.
- Construction.
- Final inspections.
- Furniture, fixtures and equipment (FF&E) installation.
- Owner set-up, training, etc.

FEASIBILITY/MARKET STUDY

Considering the information gathered so far, it's time to determine whether your project is viable from a demand standpoint. DBS Group will take the following steps to help you determine the feasibility of your project:

- Introduce consultants and professionals who provide market studies, market assessments and/or feasibility studies, and solicit proposals from such contacts as needed.
- Identify the required feasibility study level and what reviews are needed for your project (e.g., demand analysis, market assessment, utilization review, etc.).
- Solicit feasibility/market study proposals on behalf of the owner.
- Provide design, budget and schedule information needed for consideration within the feasibility/market study.
- Analyze and interpret the feasibility study with retained feasibility consultant.

FINANCING/PRO FORMA DEVELOPMENT

The availability of favorable financing can be critical to your ability to proceed with your project, and having a robust network of financing sources is a must. In parallel, the project pro forma is an important document as it forecasts your project's financial performance and will be a key piece of information analyzed by prospective sources of financing.

DBS Group will support financing and pro forma development as follows:

- Provide introductions to financial modeling/analysis contacts, and solicit proposals from such contacts as needed.
- Provide introductions to financing and lender contacts and assist in proposal solicitation and evaluation.
- Identify potential sources of financing assistance, such as grants, tax incremental financing, low- and fixed-rate financing, etc.
- Compile and organize design, budget and schedule information gathered in earlier steps for pro forma development and analysis.

OFFER-TO-PURCHASE (OTP)

If the feasibility study indicates your project will be viable, and a source of financing has been identified, it's time to make an offer on the selected property. When doing so, DBS Group will assist in identifying the following important items:

- OTP contingencies.
- OTP due diligence period.
- Due diligence activities, including coordinating the following:
 - » Geotechnical Survey.
 - » Environmental Site Assessment (ESA, Phase 1 Survey, etc.).
 - » Hazardous Materials Survey.
 - » Appraisal.

PROJECT ENTITLEMENT (PROJECT APPROVALS AND PERMITS)

Every project has different requirements for project approvals and permits (entitlements) to proceed with improvements. DBS Group will confirm the project approvals and permits required for your project and will coordinate the activities required to secure the project approvals and permits, which can include the following approval agencies:

- Local municipality — city, village, township, etc.
- County.
- State.
- Watershed district.
- Utility district (sanitary sewer, water, etc.).
- Department of Natural Resources.
- Department of Transportation.
- Environmental Protection Agency.
- Corps of Engineers.
- Other applicable agencies.

DESIGN & ENGINEERING

With the owner's input, DBS Group will develop design and engineering information required to communicate the scope, design/engineering details and quality of your project, including the following information:

- Store, Fixture and Equipment Planning.
- Civil Engineering.
- Structural Engineering.
- Architectural Engineering.
- Interior Design.
- Plumbing Engineering.
- HVAC Engineering.
- Electrical Engineering.
- Fire Protection Engineering.
- Refrigeration Engineering.

CONSTRUCTABILITY/SUSTAINABILITY ASSESSMENT

As design and engineering proceeds, and construction documents are being developed, it's prudent to engage estimating, project management and field operations team members to review progress plan information to provide feedback regarding opportunities to improve the construction documents being developed. DBS Group will lead the following assessments:

- Identify sustainable building practices to consider, including return-on-investment (ROI) analysis, along with rebate and grant availability from local utility companies and government agencies. (See "Understanding Grants and Incentives for Sustainable Construction" at dbsg.com/blog/understanding-grants-and-incentives-for-sustainable-construction/).
- Provide means and methods input regarding building assemblies and materials, identifying opportunities to save time and money.
- Conduct constructability reviews to identify any opportunities to improve project-specific details that can save time and money.

BID PACKAGE DEVELOPMENT FOR LONG-LEAD ITEMS

Supply chain challenges are more prevalent now than they've been in the past 30 years, making it critical to proactively plan for material, equipment and component lead times to ensure that your project stays on schedule and on budget. As such, during the design phase, DBS Group will lead the following:

- Proactively identify lead time durations for long-lead materials, equipment and components.
- Develop design/bid packages to facilitate the design, pricing and procurement of long-lead items to maintain the project schedule.

VENDOR BIDDING & QUALIFICATION

To ensure the greatest return on investment, we obtain multiple vendor bids for each facet of your building project and thoroughly qualify vendor bids before selecting them. Our specific steps include:

- Solicit and obtain multiple vendor bids from local and regional vendors for each facet of the project, such as concrete, masonry, earthwork, utilities, finishes, mechanical, electrical, plumbing, fire protection and other work to be completed.
- Qualify each vendor bid for accuracy to ensure that there are no gaps or overlaps in vendor pricing.
- Qualify each vendor with the apparent low bid to ensure the vendor:
 - » Is capable of successfully completing the work.
 - » Possesses necessary resources to execute the work.
 - » Acknowledges the project schedule and can achieve it.
 - » Maintains a satisfactory safety record.
 - » Is financially healthy.
- Organize vendor bid results within a bid tab to review with the owner.

PROCUREMENT

In the procurement stage, it's time to execute purchase orders and subcontracts to acquire the goods and services needed to build your project. The process is straightforward; we will:

- Develop and execute vendor-specific subcontracts and purchase order agreements promptly to maintain the project schedule. We include a vendor-specific scope of work for each vendor contract.
- Manage any vendor-specific contract language negotiation to facilitate contract execution.
- Obtain required insurance certificates from each vendor before they begin work onsite.



CONSTRUCTION

Breaking ground for your project is exciting: it's when you get to watch your vision become a reality. Throughout the construction period, DBS Group will manage all facets of the process, including:

- Project ground-breaking.
- Construction site logistics.
- Safety.
- Schedule.
- Quality control.
- Project financials.

When construction is complete, we'll close out the project. During this process, we'll check building specifications, close contracts, train you on building systems such as HVAC, and take all other steps to turn the keys over to you.

Then it's time to cut the ribbon, celebrate and showcase your new facility!

GETTING DEALS DONE CHECKLIST



Site Selection/Evaluation □

- ☐ Identify target community(ies) for project location(s)
- ☐ Contact local resources for potential sites
- ☐ Identify available, existing feasibility study information
- ☐ Visually analyze potential sites
- ☐ Conduct preliminary analysis of proximity to complementary amenities
- ☐ Conduct preliminary analysis of site features
- ☐ Solicit local market knowledge regarding potential sites

Gather Site-Specific Information □

- ☐ Location maps
- ☐ Utility maps
- ☐ Surveys
- ☐ Zoning maps
- ☐ Comparable sales
- ☐ Other pertinent GIS information

Schematic Design for Building and Site □

- ☐ Develop preliminary floor plan
- ☐ Develop preliminary site plan
- ☐ Evaluate potential for future expansion

Preliminary Code Study/Entitlement Schedule Confirmation □

- ☐ Identify current zoning
- ☐ If rezoning needed, identify rezoning process/duration/fees
- ☐ Identify planning/zoning approvals required and process/duration/fees for each
- ☐ Identify other agency approvals and process/duration/fees for each
- ☐ Identify project assessments and approximate fees if available

Cost Guidance Summary □

- ☐ Design, building improvements and site improvements
- ☐ Actual cost data from similar projects
- ☐ Quantity takeoff plus unit rates from historical cost database
- ☐ Pricing input from key vendors if applicable

Preliminary Schedule Development □

- ☐ Preliminary Schedule Development
- ☐ Design
- ☐ Entitlement
- ☐ Vendor bidding
- ☐ Procurement
- ☐ Construction
- ☐ Furniture, fixtures and equipment installation
- ☐ Owner set-up, training, etc.

Financing/Pro Forma Development □

- ☐ Engage financial modeling/analysis contacts
- ☐ Engage lender contacts
- ☐ Identify potential financing assistance
- ☐ Develop design, budget and schedule information needed for pro forma

Feasibility/Market Study □

- ☐ Engage feasibility study consultants
- ☐ Identify required level of feasibility study
- ☐ Solicit feasibility/market study proposals
- ☐ Develop design, budget and schedule information needed for feasibility study
- ☐ Analyze and interpret feasibility study with retained feasibility consultant

Offer-to-Purchase (OTP) □

- ☐ Identify OTP contingencies
- ☐ Identify OTP due diligence period
- ☐ Identify and coordinate due diligence activities
- ☐ Geotechnical survey
- ☐ Phase 1 survey
- ☐ Hazardous materials survey
- ☐ Appraisal

Project Entitlements □

- ☐ Local municipality
- ☐ County
- ☐ State
- ☐ Watershed district
- ☐ Sanitary district
- ☐ DNR
- ☐ DOT
- ☐ EPA
- ☐ Corps of Engineers
- ☐ Other applicable

Design and Engineering □

- ☐ Store, fixture equipment planning
- ☐ Civil engineering
- ☐ Structural engineering
- ☐ Architectural engineering
- ☐ Plumbing, HVAC, electrical, fire protection and refrigeration engineering

Constructability/Sustainability Assessment □

- ☐ Identify sustainable building practices
- ☐ Provide means and methods input regarding building assemblies and materials
- ☐ Conduct constructability reviews

Bid Package Development for Long-Lead Items □

- ☐ Proactively identify lead time durations for long-lead materials and equipment
- ☐ Develop design/bid packages strategy

Vendor Bidding & Qualification □

- ☐ Solicit and obtain vendor bids
- ☐ Qualify each vendor bid for accuracy
- ☐ Qualify each vendor with the apparent low bid
- ☐ Organize vendor bid results

Procurement □

- ☐ Develop and execute vendor-specific subcontract and purchase order agreements
- ☐ Develop vendor-specific scope-of-work for each vendor contract
- ☐ Manage any vendor-specific contract language negotiation
- ☐ Obtain required insurance certificates from each vendor

Construction □

- ☐ Groundbreaking
- ☐ Site logistics management
- ☐ Safety management
- ☐ Schedule management
- ☐ Quality control
- ☐ Project financial management
- ☐ Project closeout and training
- ☐ Ribbon-cutting

HAVE A CONCEPT? WE'LL HELP YOU REALIZE IT!



It's clear that putting together a development project requires a lot of details, planning, processes, and time. It can seem overwhelming. But it doesn't have to be. At DBS Group, we know the development process well and have helped countless developers and business owners from various industries see their vision turned into tangible reality.

Further, we take our services to another level, driving value for our customers and ensuring their projects are completed on time and on budget.

EARLY INVOLVEMENT

To take full advantage of these services and get the most value for your investment, contact us in the earliest stages of your project.

608-881-6007
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THE DESIGN-BUILD DIFFERENCE

DBS Group provides construction management and general contracting services, we specialize in the design-build approach because of the many advantages it provides our clients. With design-build, multiple steps in the project development process can overlap, providing efficiencies in pre-development, design, pre-construction and construction activities that ultimately benefit the owner.

With design-build, design and construction are integrated into a streamlined approach, where a single entity, the design-builder, contracts with the client or owner to oversee the entire project development process. The results fundamentally improve clients' design and construction experience by enhancing the project design, maximizing value within the project budget, and condensing the overall project schedule/duration.

DESIGN-BID-BUILD MODEL (TRADITIONAL)



DESIGN-BUILD MODEL



FACTORS FAVORING DESIGN-BUILD

Single entity is responsible for design and construction.

Focus is on meeting performance needs, not minimum design requirements.

Emphasis is on cost control, while meeting project functionality goals.

Requires less owner expertise and resources.

BENEFITS OF DESIGN-BUILD VS. DESIGN-BID-BUILD

6.1% LOWER Unit Cost

12% FASTER Construction Speed

33.5% FASTER Delivery Speed

5.2% LESS Cost Growth

11.4% LESS Schedule Growth

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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