

# Section 2

## Building a Team



The development team is made up of the staff and professional consultants who work on your facility project.

You need a team for two reasons:

1. Facilities projects require a lot of work – too much work for any one person.
2. You will need expertise not available through your organization’s staff.

This section of the Guide answers three questions:

1. **Who’s** on a development team?
2. **When** do you need each member?
3. **How** do you recruit and select them?

### WHO’S ON A DEVELOPMENT TEAM

Your primary team consists of individuals or businesses that handle the essential roles in a real estate development project. The size and experience of your organization and the type of project you are pursuing will determine who you will need on your development team.

#### PROJECT SPONSOR

That’s you—the most important member of the team. Whether making minor renovations to a leased facility or buying a parcel of land and building a new center, it is *your* project. Remember:

- Everyone who works on the project works for you.
- You are the final decision-maker.
- Your job is to hire the right professional help and make sure their work results in a successfully completed project.

#### PROJECT LAWYER

You will need an attorney to negotiate contracts to purchase or lease property, hire other professional experts, and negotiate regulatory and other approvals with local government officials.

- **When to hire:** The attorney should be identified early on in the project so that you can receive sound legal advice before executing contracts with other members of the team or negotiating any real estate agreements. Unlike the architect and the project manager who have ongoing involvement in the project, your lawyer will be called upon periodically throughout the project to assist with specific issues, contracts or transactions.

- **Key tasks:**
  - Draft, review and negotiate lease or purchase documents for a facility site.
  - Review and provide advice on the contract terms for other members of the team.
  - Navigate title, zoning and other legal issues relating to the suitability of potential sites.
  - Review loan agreements.
  - Help prepare contractor bid package and provide advice during construction contract negotiations.
  - Review the final “closeout” of the construction contract to make sure the contractor has fulfilled all of his financial obligations.
  - Advise on any unforeseen legal problems identified during construction.
  
- **What to look for in a lawyer:**
  - Licensed to practice law in your state.
  - Experience in real estate law.
  - Experience working on projects similar to yours.
  - Experience representing other developers in the same jurisdiction where your center is planned.
  - A good reputation in the community.

## PROJECT ARCHITECT

An architect is trained and licensed by the state to design and oversee the construction or renovation of buildings. Typically you will want to contract with an architectural firm that can carry out both design and construction oversight services. As part of the architectural contract, and depending on the size and scope of the project, the firm may also retain additional subcontractors, such as structural and mechanical engineers; cost estimators; and environmental, code compliance and geotechnical consultants. If the project includes an outdoor playground, your architect may consult with a landscape architect with specialized knowledge about how to address issues of drainage, ground cover, grading, elevation, plantings, etc. If the project *only* involves a playground, you might want to use a landscape architect as the lead design expert.

- **When to hire:** Ideally the architect’s participation begins before the site is selected and extends throughout the construction phase. Early on, the architect can help assess possible sites and estimate project costs.
  
- **Key tasks during project planning:**
  - Help determine the amount and type of space will need to realize your vision.
  - Lead the site assessment process, including environmental, zoning, regulatory and other technical issues.
  - Prepare design drawings that describe the physical requirements of the site.
  - Prepare bid packages for potential contractors, which will include detailed, near-final construction drawings and specifications for the building.
  - Help evaluate contractor bids.
  
- **Key tasks during construction:**
  - Help the contractor interpret the architectural plans for the building during construction.
  - Monitor the construction process, including regular site visits and participation in project team meetings.
  - Sign off on contractor’s requests for payment.
  - Resolve design issues with the contractor.
  - Consult on any changes in the construction plans.
  - Advise the project sponsor when construction is completed.
  
- **What to look for in an architect:**
  - Prior experience in child care facility design.
  - Familiarity with all relevant local code and regulatory requirements.
  - Prior experience with projects that are the same size and scope as your proposed facility.
  - Good references from other child care centers or community organizations.
  - A design style that fits well with your vision.
  - Construction administration experience.
  - The ability to listen to your preferences but offer honest advice.

## PROJECT MANAGER

The project manager is responsible for the day-to-day management and oversight of the project. Sometimes a staff member from the sponsor organization, such as the executive director, child care director or facilities manager, serves as the project manager, especially on smaller projects. On larger or more complex projects, you may need to hire an experienced consultant to serve as the project manager.

- **When to hire:** The project manager should join the team early on, as soon as you have concluded that the proposed project is reasonably feasible and the decision has been made to proceed.
- **Key tasks:**
  - Serve as liaison for the project sponsor (you).
  - Coordinate the activities of the development team on behalf of the project sponsor.
  - Assemble documents for development team members.

- Complete funding applications and prepare and revise budgets.
- Schedule meetings.
- Facilitate communications and decision-making to keep the project moving efficiently.

- **What to look for in a project manager:**

- Prior real estate experience.
- Responsible and well-organized.
- Good interpersonal and communication skills.
- Prior experience working on projects similar to yours.

## REAL ESTATE DEVELOPMENT CONSULTANT

If your project is large or complicated and you plan to rely on internal staff to be the project manager, you may need an experienced real estate development professional to provide technical advice on all the steps involved in financing and building a facility. This type of consultant has more in-depth technical know-how in real estate development and financing, and can supplement the abilities of your project manager by handling more sophisticated budgeting, negotiations with property owners or city officials, etc.



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- **When to hire:** If a real estate development consultant is needed, retain their services when you have decided to move forward with your project and need help putting together a financing plan or analyzing potential sites.
- **Key tasks:**
  - Prepare detailed construction budgets.
  - Help develop a project financing strategy and assemble funding applications.
  - Work with other development team members on zoning and regulatory issues.
  - Coordinate the work of the development team, help evaluate its performance and flag issues for the project sponsor.
- **What to look for in a development consultant:**
  - A successful track record either developing and financing real estate or being the lead consultant or project manager for a developer.
  - Familiarity with the type of financing sources you will try to tap for the project.
  - Strong references that confirm the consultant's reliability, flexibility, and ability to work well with a diverse set of people.

## CONSTRUCTION MANAGER

A construction manager has specialized construction expertise and understands how building design can affect construction costs. Hiring a construction manager to review architectural plans as they evolve can often result in construction cost savings without sacrificing quality. The construction manager can sometimes replace the development consultant when construction begins. During the construction phase, a construction manager can serve as the project sponsor's eyes and ears at the construction site.

- **When to hire:** The construction manager should join the team while the architect is refining the design, but before detailed construction drawings are finalized. At this point, it can be helpful to consult an expert with construction experience who is

independent of both the project architect and the contractor. A good construction manager is:

- More knowledgeable about the construction process and techniques than the typical architect.
- Independent of the architect and contractor.
- In a good position to be your eyes and ears on the project and help resolve any disputes that may develop between the architect and contractor.

- **Key tasks before construction:**

- Advise the architect on how the design plans can be modified to minimize construction costs.
- Assist the architect with the preparation of construction bid documents, evaluation of potential contractors and negotiation of the construction contract.

- **Key tasks during construction:**

- Can sometimes replace a development consultant when the project moves into construction to take advantage of their specialized expertise in construction.
- Can take on the major role in construction supervision instead of the architect, to ensure that the contractor builds the structure according to the plans and contract (although the architect should still participate in regular project meetings).

- **What to look for in a construction manager:**

- Prior construction experience with various building types and construction techniques.
- Familiarity with estimating construction costs.
- Experience working on construction sites as a contractor or working for a contractor.
- Strong interpersonal skills, since their role involves an independent and sometimes critical review of the architect and contractor's work.



## GENERAL CONTRACTOR

The construction company you hire to build or renovate the structure is typically a general contractor. This firm takes responsibility for constructing the building and completing the project within budget, on time, and to your specifications. The word “general” means that the company hires and manages a variety of more specialized subcontractors for carpentry, electrical, roofing and the other construction trades.

- **When to hire:** The contractor is usually the last member to join the development team, after you have found a site, an architect has developed plans, and funding is in place. This typically happens a few months before construction begins. In addition to hiring the best-qualified builder, closely managing the contractor is the only way to ensure that the project is completed on time and within budget. (Section 5 provides more information on the construction stage, including the process of hiring and managing the contractor.)
- **Key tasks:**
  - Secure the building permit to begin work.
  - Hire and manage all subcontractors.
  - Meet regularly with the project sponsor and development team members.
  - Carry out all aspects of construction and renovation, including: site preparation, demolition, foundation and framing work; installing mechanical, plumbing and electrical systems; and all other tasks required to prepare the structure for occupancy.
  - Perform the final walk-through with the project sponsor and turn over operating manuals, warranties, and any surplus building material.

### ■ **What to look for in a general contractor:**

- Successful track record of completing projects on time and within budget.
- Prior experience constructing buildings of a similar size and scope to your proposed facility.
- Good references from prior clients.
- A competitive price.
- A reputation for productive working relationships with clients and members of their development team.
- Reliable subcontractors.
- Trustworthiness.

## FUNDRAISING CONSULTANT

Soliciting capital grants for a facility project is different and more time-consuming than raising money to support ongoing program operations. Capital campaigns for building projects seek large one-time gifts from foundations, corporations, and wealthy individuals and are generally more successful when supported by a fundraising consultant.

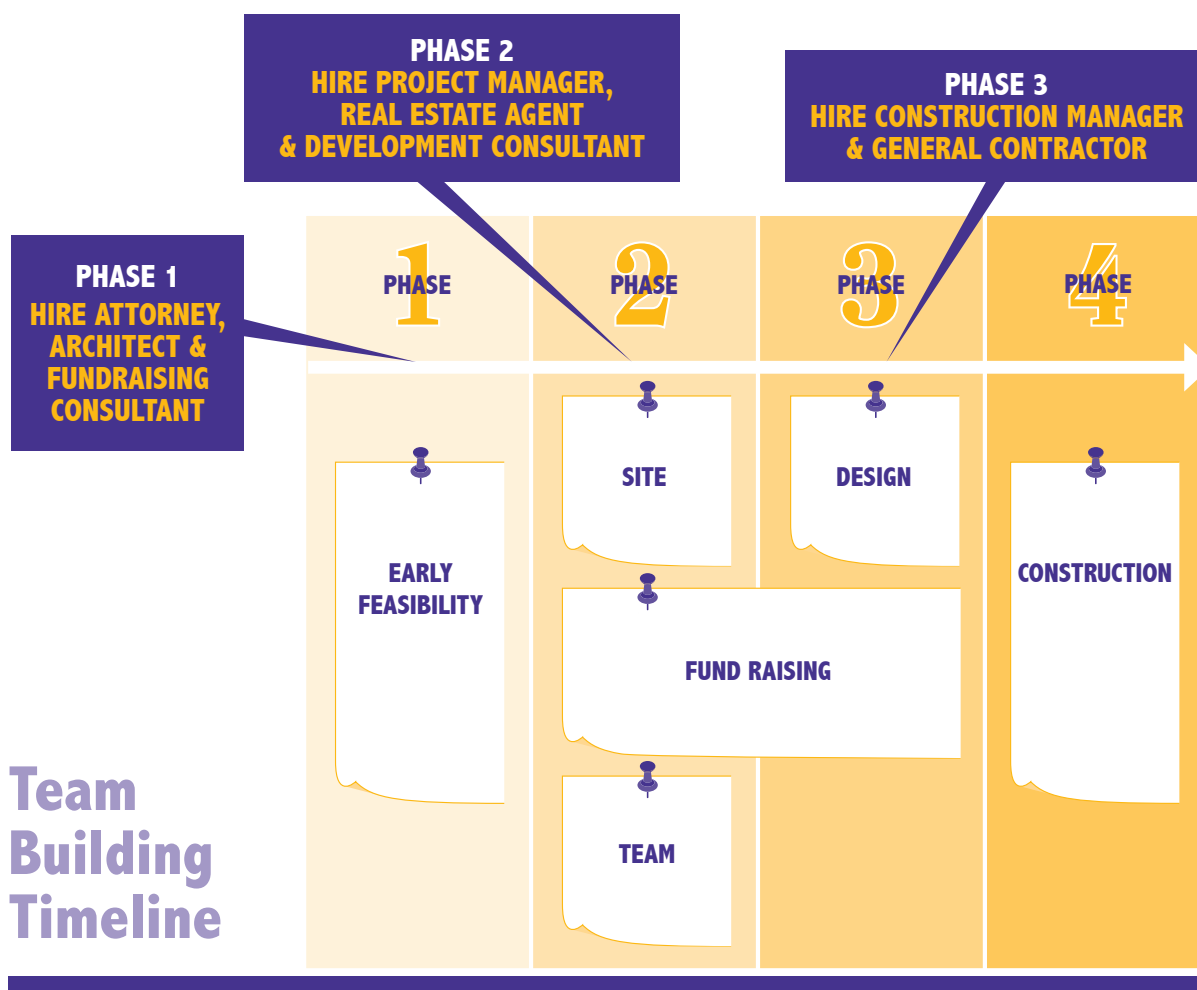
- **When to hire:** A fundraising consultant should become involved early in the financial planning because of their expertise in assessing the feasibility of a capital campaign. Sometimes it makes sense to hire this type of consultant as early as possible in the feasibility phase, to see whether it will be possible to put together the required resources before deciding to move forward with the project. The consultant can help train staff, board members or other volunteers who will approach potential funders or prepare campaign materials.

- **Key tasks:**
  - Conduct a fundraising feasibility assessment early on to determine the viability of the plan.
  - Carry out research on potential donors.
  - Draft funding proposals.
  - Follow up with funders on proposals submitted.
  - Develop promotional materials, such as a brochure or a project description.
  - Assist in identifying volunteer leadership for a capital campaign.
  - Help support and nurture relationships with certain key funders.
  - Conduct training for center staff or board members who will make the “asks.”
- **What to look for in a fundraising consultant:**
  - A history of successful fundraising with similar projects and organizations.
  - Good communications and interpersonal skills.

- Enthusiasm for your mission.
- A member of the Association of Fundraising Professionals who follows their code of ethics.

### REAL ESTATE AGENT

A commercial real estate agent or broker can help identify potential sites. Look for a state-licensed real estate broker who is knowledgeable about the local real estate market, including properties available for sale or lease, property values, information about zoning and other regulatory restrictions, etc. The broker will be most helpful once you know what kind of site you need – its size, location, the type of structure, and whether you are renting or purchasing. Realtors are generally paid a commission on the sale or lease, rather than a flat fee. Additional information on real estate brokers and tips for hiring can be found in the Site section of this guide.



## RECRUITING AND SELECTING YOUR DEVELOPMENT TEAM

Selecting the most qualified individuals or firms is one of the most important things you can do to influence the project's outcome. Devote the time and attention this requires, and make sure the process is formalized and carefully followed. A good consultant selection process:

- Attracts the best qualified and most appropriate candidates for the job;
- Provides a sound basis for comparison among candidates; and
- Promotes fairness and objectivity in your decision-making.

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Be sure to read the box on using **DONATED PROFESSIONAL SERVICES** on page 21 and the **HIRING TIPS** on page 22.

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The best way to understand the recruiting process is to walk through it, step by step. Let's use the example of hiring an architect since almost every project will require one. The architect is particularly important because he or she will work with you from initial site selection to the day the contractor hands you the keys to your finished space, and other than the builder, will be the most costly of the various professionals working on the project.

### START BY MAKING A LIST

While it is easy to assemble a long list of architects from the Yellow Pages or the local society of architects, it is harder to develop a short list of individuals and firms best qualified to do a good job for you:

- **Call child care programs that have used an architect's services.** Architects with experience creating child care environments and working with clients like yourself would be good candidates for your list, especially if they are recommended by your colleagues.

- **Confer with technical assistance organizations.** Local technical assistance providers such as LISC and community foundations often maintain lists of professional consultants, including architects, who work with nonprofit organizations or may have specific experience with child care providers.
- **Use your social networks.** If you, your staff, or your board knows architects or real estate development professionals, contact them and ask for referrals. Even if they don't have an architect to suggest, they may know others who do.

After spending time speaking to people about architects they know or have worked with, you will discover a number of things:

- Hearing firsthand experiences will teach you a lot about what to look for in an architect.
- It is likely that the names of a small number of architects will be repeatedly mentioned during your search, including those who:
  - have designed similar projects to the one you are planning;
  - have worked for similar clients; and
  - come highly recommended.

This is your list of prime candidates. Similar networking can be used to develop a list of construction managers, fundraising consultants or other members of your development team.

### SOLICIT INTEREST

As you settle on your list of potential architects, contact each one by phone. Tell him or her who referred you. Use the call to "size-up" the consultant as well as to sell your project: What do you offer that might interest a consultant who may be very busy with other assignments? Ask for materials about their experience and firm. Tell them to expect your request for proposal (RFP).

## DEVELOP AN RFP

Draft a request for proposal, or RFP, to send to all the potential candidates. Include information about your organization and program, the proposed project, the services you seek and the desired qualifications, and the deadline for submission. The RFP should also let the recipients know what you expect from their proposals, including the background and experience of the firm and specific expertise with child care facility design. A sample RFP can be found in Appendix 2A.

Make follow-up calls to each of the prospective architects to make sure they received the RFP and to urge them to submit a proposal. Let them know you are available to answer any questions they may have.



## EVALUATE THE PROPOSALS

Once the completed proposals arrive, follow this process for evaluating them and selecting a consultant:

- 1. Create a Hiring Committee:** Put together a committee to help conduct interviews and make hiring decisions. Select key staff, board members and any advisors with relevant real estate development experience. This group's role is advisory: In most cases these key decisions should be made by the board of directors based on the executive director's recommendation.
- 2. Read and Rate the Proposal**  
**Submissions:** You and members of your committee should thoroughly review each submission. Have each reader prepare a consultant rating sheet (see Appendix 2B for a sample). The committee should discuss each proposal and decide which candidates to interview.
- 3. Develop Selection Criteria:** Before the interviews, develop a list of selection criteria so that you are sure to ask relevant questions. Your criteria list should include:

  - relevant professional experience and competence.
  - reputation for integrity.
  - timeliness of work.
  - responsiveness to clients.
  - compatibility and chemistry with you as a client.

## DONATED SERVICES

To support a worthwhile endeavor some professionals provide their services on a **PRO BONO** basis, which means without charge or at a reduced rate. Carefully consider the pros and cons of the offer before accepting pro bono services. The benefit is obvious: saving money.

However, will you receive the same service as if you paid full price? Your work may be postponed to meet the demands of other paying clients. Would you feel you could sue for damages if the consultant was negligent?

The one exception to this caution is large law firms where pro bono work is seen as a professional obligation and is carefully monitored. Once the assignment is accepted by the firm, you should receive the standard level of service.

### IN ANY CASE, IF YOU ACCEPT PRO BONO SERVICES:

1. be just as careful about selecting pro bono consultants as those charging a market rate fee;
2. be clear at the outset and throughout the project that you demand the same level of service as a paying client; and
3. if you are disappointed with the service, replace the consultant with one who can perform to your satisfaction.



## HIRING TIPS

**DON'T PLAY FAVORITES.** Avoid the friend of a friend, brother-in-law, or other personally connected professionals. Choose a consultant based strictly on his or her qualifications and performance, not on personal relationships or loyalties.

**DON'T SELECT BASED ON PRICE ALONE.** Cost is an important consideration. But it is the consultant's expertise and quality of work that matter the most. If you hire the least expensive consultant based solely on the price, you may end up spending more in the long run by hiring additional, more qualified professionals to resolve problems.

### **UNDERSTAND YOUR FUNDING SOURCE REQUIREMENTS.**

Be aware that accepting financing from certain sources, especially from government programs, may require special bidding procedures and hiring requirements. For example, some funders may require you to accept the lowest bid. Be sure your lawyer fully understands the requirements of each funding source and that the bid package and process fully comply.

**AVOID CONFLICTS OF INTEREST.** It is a conflict of interest when someone involved with your center (like a staff or board member) can benefit personally, financially or professionally from any project-related decision you make. For example, if your contractor is married to your board president, that would be a conflict of interest for your organization.



A very important consideration in any professional services agreement is **CHEMISTRY** – how well you and your consultant will be able to work together. The interview is an important place to assess that chemistry. But chemistry cannot replace competence. You need both.

**4. Prepare Interview Questions:** Prepare a list of questions for each interview. Be sure that your questions relate directly to your plans and address any specific concerns with each proposal. A list of questions to use during an interview can be found in Appendix 2C.

**5. Conduct Interviews:** Interview at least three firms. Leave a minimum of an hour for each interview and set aside at least half an hour for the review team to discuss each interview immediately afterward. Discuss the candidate's strengths and weaknesses and identify any telephone follow-up questions for

the architect or questions to ask during the reference checks. The consultant rating sheet, found in Appendix 2B, can be used to record results of the interview process.

- 6. Conduct Reference Checks:** For consistency, only one person should do the reference checking. That person should keep very detailed notes of each conversation. Remember that your candidates will provide references that they believe will speak favorably about them. Whenever possible, don't limit yourself to those names: If you know others who have worked with a candidate, call them too. You should also visit facilities the architect has designed to see their work firsthand. Also, ask specific questions:
- Was work done on a timely basis?
  - Was the architect reasonable about making as many revisions to the plan as needed to satisfy you?



When hiring members of your development team, you should seek the advice of a lawyer who is familiar with real estate law ... You want an agreement that is fair to both parties.

- Was the architect flexible about producing renderings or models to support your fundraising efforts?
- Every design process has its problems; which ones did you encounter with the architect?
- Did your issues and concerns receive the kind of attention they deserved?
- Describe a difference of opinion you had with the architect. Were you satisfied with both the resolution and the process of reaching that resolution?

**7. Make a Decision.** Share the results of the reference checking with the members of your hiring committee. If you're not enthusiastic about at least one of your candidates, consider reopening your search. More likely, you will have a few good choices, each with their strengths and weaknesses. The entire committee should participate in evaluating and prioritizing each candidate. If your board of directors will be making the decision, formulate a recommendation and convey the committee's input to your board.

**8. Contract for Services.** The final step is to contract for services. Most architects will give you a standard contract drafted by the American Institute of Architects. Not surprisingly, it tends to favor the architect rather than the client. You should seek the advice of a lawyer who is familiar with real estate law and has dealt with this type of

contract. You want an agreement that is fair to both parties.

Keep these factors in mind:

- If the relationship does not work out, you want to be able to terminate the agreement quickly and with minimal cost to you or disruption to the project. You also want to be able to receive all of the work products, such as consultant studies or drawings, and have the right to give them to another consultant if necessary.
- If there are problems, you want liability to be fairly allocated. For example, you would not want the agreement to protect the architect from legal liability for costs you incurred because of their error.
- The fee structure should be reasonable and minimize your financial risk. For example, if a pending zoning decision might force you to abandon the site you have selected, you should be able to postpone further design work without incurring additional costs until the uncertainty about the site can be resolved.

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**ALTHOUGH THE STEPS OUTLINED ABOVE ARE GEARED TOWARD THE SELECTION OF THE PROJECT ARCHITECT IN PARTICULAR, A SIMILAR PROCESS COULD BE FOLLOWED FOR HIRING ANY OF THE KEY MEMBERS OF THE DEVELOPMENT TEAM.**

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