

Appendix B

Project Scope Statement Example

PROJECT OVERVIEW

This project is being undertaken to establish a new residence for Mr. and Mrs. John Smith. The new residence will be a free-standing, single-family dwelling built on a two-acre lot (lot 24) located at 200 North Maple Avenue, MyTown, MyState, 20001-1234, USA. The project is to commence on Monday, February 2, 2015 and will complete no later than Thursday, December 31, 2015.

This home is being constructed to take advantage of the latest building materials and codes and will employ emerging technology to minimize energy consumption. Construction will be overseen and managed by Apex Home Builders, the prime contractor who may subcontract components of the construction effort. All labor will be bonded and all materials will meet or exceed local building code guidelines.

SECTION I. PROJECT PURPOSE

The home project is being undertaken to establish a new primary residence for Mr. and Mrs. Smith and family. The new residence is scheduled for completion in December so that the Smith family may move in during the first two weeks of 2016. Mr. Smith will be taking responsibility for his company's North American operations in 2016 and is relocating from Europe to do so. Mr. Smith and family will be traveling and relocating during December of 2015 and will move directly from their current home to the newly completed residence.

The home must be completed by December 31, 2015, so that the Smith's can establish residence in the community with the appropriate lead time

to enable their children to be enrolled in the school system to begin the 2016 school year along with their class mates.

SECTION II. PROJECT SCOPE

This is a Fixed-Price Contract

Contractor commitment estimate is U.S. \$750,000.00.

Upon completion, the new property will include the following as described in the detailed specifications and blueprint:

- Landscaping
- Foundation (with basement)—poured concrete and concrete block
- Driveway—2000 feet, concrete with brick inlay
- Main home—4500 square feet, brick/stucco
- Deck / Patio / Screen Room
- Garage—1600 square feet, two story

SECTION III: PROJECT MILESTONES

As described in Section II, completion of the project must be achieved by December 31, 2015. Progress milestones associated with the project are as follows:

1. Architectural drawings complete and approved
2. Building permit approved
3. Lot preparation and clearing complete
4. Foundation excavation complete
5. Footings poured and set
6. Foundation poured, block construction complete, foundation set
7. Home and garage exterior closed to weather
8. Driveway and landscape complete
9. Interior wiring complete
10. Exterior wiring complete
11. HVAC complete
12. Interior plumbing complete
13. Exterior plumbing complete
14. Interior finish complete
15. Exterior finish complete

16. Walkthrough complete
17. Certificate of Occupancy granted
18. Interior and exterior punch list approved
19. Interior and exterior punch list complete
20. Acceptance review and key turnover complete

SECTION IV: PROJECT APPROACH

- Prime contractor will maintain all project documents and schedule.
- Prime contractor will perform work with contractor's own employees who are bonded and hold the appropriate trade licenses and credentials. In the event that the prime contractor subcontracts work, all subcontractor's employees will be verified by prime contractor to be bonded and will hold the appropriate trade licenses and credentials.
- Prime contractor agrees to pay a 10% single quarter penalty for any project worker found on the project site without proof of proper trade license and credentials.
- Prime contractor will be responsible for all subcontract oversight, deliverables and management.
- Prime contractor has agreed to the terms of the fixed-price contract and schedule.
- During planned project execution, prime contractor will provide periodic progress reports to buyer (biweekly, monthly).
- Following any schedule delay, prime contractor agrees to provide progress reports on a weekly basis until schedule has been "caught up."

ISSUE MANAGEMENT

- Project-related issues will be tracked, prioritized, assigned, resolved, and communicated in accordance with the Prime Contractor's Issue Management protocol.
- Issues will be reported using an Issue Report Form. Issue descriptions, owners, resolution and status will be maintained in an Issues Log in a standard format.
- Issues will be addressed with the project owner and communicated in the project weekly status report.

CHANGE MANAGEMENT

The change control procedures as documented in the prime contractor's Change Management Plan will be consistent with standard home construction methodology and consist of the following processes:

- The Project Manager will establish a Change Log to track all changes associated with the project effort.
- All Change Orders must be submitted via a Change Order Form and will be assessed to determine possible alternatives and costs.
- Change Orders will be reviewed and approved by the project owner and accepted/acknowledged by the buyer.
- The effects of approved Change Order on the scope and schedule of the project will be reflected in updates to the Project Plan.
- The Change Log will be updated to reflect current status of Change Orders.

COMMUNICATIONS MANAGEMENT

The following strategies have been established to promote effective communication within and about this project. Specific communication policies will be documented in the prime contractor's Communication Plan.

- The Prime Contractor's Project Manager will present project status to the buyers on a biweekly basis.
- The buyer will be notified by the prime contractor via e-mail or telephone of all urgent issues. Issue notification will include time constraints, and impacts, which will identify the urgency of the request.
- The buyer will notify the prime contractor of schedule, scope or budget modifications in a timely manner. Communications of changes may be made by voicemail or telephone, *but will not be acted upon by prime contractor until a Change Order Form is received.*

PROCUREMENT MANAGEMENT

The prime contractor will maintain a Procurement Management Plan in accordance with the Project Plan. The Procurement Plan will document the following:

- How much, when and by what means each of the materials and services that this project requires will be obtained
- The types of subcontracts required (if any)
- How independent estimates (as evaluation criteria) will be obtained
- How procurement will be coordinated with project schedule and budget
- What a subcontracted Statement of Work includes
- Potential sources of goods and services

RESOURCE MANAGEMENT

The Prime Contractor will produce a Resource Management Plan that will document the following:

- All materials and services to be delivered as part of the project along with cost estimates and quality information
- Which materials and services will be obtained from sources outside the Prime Contractor's organization

SECTION V: OUTSTANDING ISSUES

- Prime contractor will be responsible for all work and workmanship
- Incentive approved for early delivery—5% of contract value
Penalty approved for late delivery—5% of contract value
- Temperature expected to average below 20°F beginning September 15, 2015

SECTION VI: APPROVALS

All funding has been preapproved and placed in a reserve account against which the primary contractor may draw. Contractor may draw quarterly payments of equal amount beginning with the second quarter following start of work. Buyer will withhold first quarterly payment until all work is completed and approved at end of project close and turnover. Pending satisfactory acceptance of project close and transition, buyer will provide final payment to contractor.

Note: Invoices will be generated by contractor at the close of each construction quarter.

- Invoicing will document all materials purchased during the previous quarter.
- Invoicing will document all work completed during the previous quarter.
- Payment will be made in four (4) equal quarterly payments.
- Anticipated materials or labor cost variance above 2% in any single quarter, or 5% overall requires detailed explanation and approval of the buyer before commitment to purchase or perform work.
- All cost increases invoiced without prior approval either by the previous bullet or by the buyer will be paid at the original contract price.

SECTION VII: REFERENCES

- See applicable state and local building codes
- Site plan and building permit will be filed at City Court, Mytown, Mystate.

SECTION VIII: PROJECT DELIVERABLES AND QUALITY OBJECTIVES

- See Sections I, II and III.
- All HVAC (heating, ventilation and air conditioning), landscaping, finish work, including inside and exterior doors, interior and exterior cabinetry and doors and door and cabinetry hardware, bathroom fixtures, kitchen appliances, counter tops, backsplash material, garage finish work, flooring and attic are at the contractors “Level V—Premium Grade” per the contractor’s detailed house plans and upgrade options.
- Buyer will select bathroom fixtures, kitchen and laundry room fixtures and appliances as specified on contractor’s detail schedule.
- Contractor has included a \$10,000.00 lighting allowance. All lighting requirements that exceed the allowance will require submittal of change request to the contractor.

SECTION IX: QUALITY CONTROL ACTIVITIES

- See Section III, IV.
- Contractor reserves the right to require change orders for any/all modifications to current design and “Level V—Premium Grade”

finish plans following contract approval. Additionally, contractor reserves the right to require change orders for any/all modifications to project (plan, design, schedule, scope) requested by purchaser following official schedule approval prior to commencement of work.

SECTION XI: PROJECT SCHEDULE

- See Section I, Section IV.
- Prime contractor will provide detailed schedule prior to the start of project.