

# Giles County Courthouse Restoration

*From Schematic Design to Construction – 20 Feb 26*



## Purpose

With the passage of the bond resolution, Giles County has taken an important step toward addressing longstanding needs at the courthouse. Financing authority is now in place. Design work begins upon contract execution. The path to construction is clear.

This is the path the School Board recently navigated with the \$8.5 million renovation of Bridgeforth Elementary and \$11.1 million renovation of Giles County High School — both delivered through the same CMAR process outlined in this report. The courthouse project will track that same proven process.

This report is intended to keep the Commission and public informed about how the project moves forward from here — how the cost estimate was developed, what it means for the project budget, and what steps remain before a construction contract is awarded.

## This report covers:

1. How a renovation project progresses from schematic design to construction
2. How the cost estimate was developed
3. Why an estimate is required for budgeting and bonding
4. How the final construction price is determined
5. What risks exist, and how they are managed

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## 1. How a Construction Project Proceeds

### Phase 1: Schematic Design and Programming (Complete)

This phase is complete. Architects and engineers studied the existing courthouse, identified structural, mechanical, electrical, plumbing, and code deficiencies, developed preliminary plans, and identified major system upgrades. An independent professional estimator developed the project cost estimate as part of this phase. The purpose of schematic design is to define the project's scope of work. This is completed.

### Phase 2: Design Development and Construction Documents (Next Phase)

Roughly a 6-month effort, these elements represent the next major step in the project. The design team will select materials, refine structural solutions, specify HVAC systems, plan electrical distribution, address life safety systems including fire alarms and sprinklers, and confirm ADA compliance where applicable.

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As construction documents are developed, the design team will conduct value engineering — a systematic review of project components to identify opportunities to achieve the same functional outcome at lower cost. The goal is to ensure the design reflects the most cost-effective means of meeting the project's requirements. Value engineering might involve alternative materials that meet the same performance standard, more efficient mechanical or electrical configurations, or sequencing decisions that reduce construction complexity.

As design development concludes, architects and engineers produce the full set of construction documents: detailed drawings, technical specifications, structural calculations, equipment schedules, finish schedules, and code compliance documentation. These documents define exactly what contractors must price and build. This phase is where cost uncertainty narrows most significantly — by the time construction documents are complete, the project scope and pricing basis are well defined.

### **Phase 3: Construction Manager at Risk (CMAR) with Guaranteed Maximum Price (GMP)**

The County has selected the Construction Manager at Risk delivery method. This is not an unfamiliar approach in Giles County — and it is not an untested one. The Giles County School Board used CMAR to successfully complete an \$8.5 million renovation of Bridgeforth Elementary and a \$11.1 million renovation of Giles County High School. Both projects were delivered using the same process outlined in this report — independent estimating, CMAR engagement, competitive subcontractor bidding, and a Guaranteed Maximum Price. Those projects demonstrate that this path works, and that Giles County has the experience to execute it successfully.

Under this approach, a Construction Manager (CM) is engaged during the design phase, allowing them to provide ongoing cost input as construction documents are developed. Our CMAR is Reeves & Young out of Nashville. This collaboration helps ensure the project stays within budget parameters before documents are finalized.

The CM assembles the GMP through a competitive subcontractor bidding process — soliciting and evaluating bids across all scopes of work to ensure the County benefits from market competition. At the conclusion of design, the CM provides a Guaranteed Maximum Price — a contractual commitment on the maximum the project will cost. If actual construction costs exceed the GMP, the CM absorbs the overrun, absent county-directed scope changes. If costs come in below the GMP, the County benefits from those savings.

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The GMP is the point at which the final construction price is formally established. Until that agreement is executed, the \$8.5 million figure serves its intended purpose as a planning estimate.

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## **2. How the \$8.5 Million Estimate Was Developed — and Who Prepared It**

The \$8.5 million estimate was prepared by an independent professional estimator as part of the completed schematic design phase — not by the County, not by a contractor, and not by a party with a financial interest in the outcome. That independence means the estimate reflects objective market conditions rather than advocacy for a particular budget position.

A professional cost estimate is not a guess. It was developed using:

- Current regional construction cost data for CY 26
- Recent courthouse and government building comparables
- Square footage analysis
- System-level cost modeling for HVAC, roofing, electrical, and related systems
- Allowances for demolition, hazardous materials, and contingencies
- Escalation factors for inflation
- Soft costs including design fees, testing, inspections, and project contingency

Estimators apply unit costs — cost per square foot, cost per ton of HVAC, cost per linear foot — to the defined scope. The estimate was developed conservatively, with contingency allowances built in at each level to provide a reliable ceiling rather than an optimistic target. The intent was to ensure the County entered the bond process with a number that would hold up — not one that would require revision as design advanced.

The \$8.5M figure is a conservative planning estimate based on defined scope and current market conditions. It is not a contractor bid, nor a starting point for bids.

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## **3. Why an Estimate Is Required for Budgeting and Bonding**

Before the bond resolution could be responsibly structured, the County needed a reliable project cost projection. Bond underwriters require a defined project scope, an estimated total cost, a project schedule, and a debt capacity analysis. The independent estimate provided exactly that foundation.

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The bond resolution authorizes financing in the amount of \$8.5 million, and the County will carry that full amount as debt regardless of final project cost. The anticipated bond interest rate is 3.3%. Any unexpended proceeds will accrue interest at the current rate of 3.8% until drawn for project expenses.

Proceeding without a professional estimate would have left the County unable to evaluate affordability before committing to financing authority. The estimate made responsible bonding possible.

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## 4. How the Final Construction Price Is Determined

The final project cost is established when the Construction Manager (CM) provides a Guaranteed Maximum Price (GMP) at the conclusion of the design phase. Until that agreement is executed, no final construction price exists.

Stated plainly: *the \$8.5 million estimate does not establish a starting point for the GMP or for subcontractor bids.* The CM and subcontractors price what the construction documents require them to build, based on their own costs and competitive market conditions. The planning estimate plays no role in how contractors price their work.

The CM's GMP is developed from completed construction documents, current material pricing, competitive subcontractor bids, and prevailing labor rates. It reflects what the project actually requires to build, priced at market conditions at the time of execution. Because the CM is engaged throughout the design process, the GMP is not a surprise — it is the product of ongoing cost refinement that runs parallel to design development and value engineering.

If the GMP comes in lower than the estimate, the County pays less. If it comes in higher, the County has options: modify scope, adjust materials or finishes, phase certain elements, or decline to proceed. No contract is awarded without Commission approval, and the County is not obligated to accept a GMP that exceeds its financial parameters.

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## 5. What Risks Exist, and How Are They Managed

Because the estimate was developed conservatively, the County enters the GMP process from a position of strength rather than uncertainty. That said, construction projects at this stage always carry some risk, and it is worth explaining how that risk is managed.

Several mechanisms are in place:

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- Contingency allowances are built into the estimate at each level to absorb unforeseen conditions.
- Scope prioritization during design development allows the team to identify which elements are essential and which could be deferred or scaled back if needed.
- The CM's ongoing cost input during design reduces uncertainty before documents are finalized.
- Competitive subcontractor bidding ensures the GMP reflects genuine market pricing rather than assumed costs.
- The County retains full authority to negotiate, reduce scope, or decline to execute a GMP that exceeds its financial parameters.

Scope reductions or delays carry consequences and involve tradeoffs. That is precisely why contingency planning, value engineering, and scope prioritization are active parts of the design development phase — not afterthoughts.

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## Conclusion

The bond resolution marks a significant milestone for the courthouse project. Financing authority is in place. Schematic design and programming are complete. Design work begins upon contract execution, moving the project into the phase where scope is refined, details are resolved, and cost uncertainty narrows.

The \$8.5 million figure is a professional planning estimate, prepared independently, and used to structure financing responsibly. It is not a final contract price, not a guaranteed expenditure, and not a benchmark for the GMP process. The final price will be established through completed design documents, value engineering, and competitive subcontractor pricing assembled by the Construction Manager.

I will continue to keep the Commission and public informed as the project advances toward an executed GMP and construction contract.

v/r,

G. S. Stowe  
County Executive