

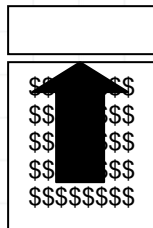
Budgeting Process

The budget is the foundation for project control and our management uses it in several ways:

1. To provide visibility and understanding of the program.
2. To define the scope of work for the project team.
3. To develop a work breakdown structure (WBS) to identify activities to be controlled.
4. To identify the manpower requirements for scheduling.
5. To identify long-lead and critical decision elements.
6. To identify and plan for construction materials approval and delivery requirements.
7. To act as a check list to ensure that the design documents and bid packages reflect the scope of the project.
8. To act as a benchmark for future estimates, contracts, change orders and final costs.

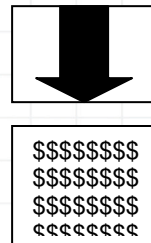
The following budgeting concepts are used to ensure maximum value for the owner:

Zero-Based Budgeting



Objective: Maintain Function

Design-to-Cost Budgeting



Objective: Maintain Cost

If the project budget is not compatible with available funds, Ferrell will develop recommendations regarding the manner in which the project can be completed and the budget brought into conformity with available funds. Some options are:

1. Revise program scope.
2. Recommend design changes affecting quantity requirements.
3. Utilize alternate quality levels.
4. Eliminate non-essential cost elements.
5. Recommend alternate materials or construction systems.
6. Orchestrate value review sessions.

Budgeting is utilized to develop a containment policy that establishes firm boundaries, within which lie alternatives and the means for project control.