

A Hotel Owner's Guide to Evaluating the Cost of Eggrock Bathrooms *-The Top 5 Issues-*

Bathrooms typically account for 10% of the construction budget but a far higher percentage of site management time, schedule delays and punch-list problems. Using Eggrock bathrooms lowers construction costs by reducing construction time, improving quality, and eliminating the bathroom punch-list.

How much do pre-built bathrooms cost compared to site-built?

Eggrock's bathrooms will cost about the same as site-built bathrooms on a direct cost basis. This alone is a significant value because Eggrock bathrooms are built to a much higher level of quality than can be achieved in site built construction. For example, our wallboard does not contain paper and will not grow mold like traditional green board. It is also easier to renovate in the future. Our tile is set with an adhesive that is impervious to water and prevents tiles from coming loose over time. Our blocking is far superior to site built and prevents loose curtain rods and grab bars. Our ceilings have a smooth finish which is much easier to clean and will not grow mold like textured finishes. Also, our wall vinyl application process prevents peel back over time. Our caulk joints tend to be much thinner than site-built which makes them easier to clean and less likely to grow mold.

When you compare the cost of Eggrock bathrooms to site-built construction it is important to make sure that you get an accurate estimate of what site-built bathrooms actually cost. Our experience from working with many customers is that there are five key aspects to calculating your site-built costs.

No. 1 Compare Apples to Apples

The number one problem we see when customers estimate the cost of site-building a bathroom is that they fail to include all the materials in the bathroom. Eggrock helps by providing a detailed list of all the materials included in the bathroom. If you receive an estimate from a general contractor it will help to use this breakout to make sure they've included all the right materials.

No. 2 Include Installed Costs – Not Just Material Costs

It is very important to ensure that your cost estimate includes the cost of installation. For example, a granite vanity cost must include the cost of freight, blocking, handling, and installation, not just the cost for the purchased granite itself. Eggrock helps you calculate this cost by providing an estimate for the installed cost of each component. This is done by using feedback from many customers across the country and is adjusted for the regional cost trends

in your area. An example for a typical small, select service hotel bathroom is included for your reference.

In addition the general contractor's fee for general conditions for the site-built bathrooms must also be included to provide a true comparison.

No. 3 Use a Correct Scope of Work for Installation Costs

Because we have installed many bathrooms across the country, we understand what it takes to install and hook-up our bathrooms. Therefore, we can provide guidance for your sub-contractors such as plumbers and electricians so they can give you a fair price to install the bathrooms. We find the best way to approach this is to provide subcontractors with Eggrock's installation manual included in our information package and on our web site. The installation manual includes time estimates for plumbers and electricians and demonstrates a real-life installation. Our web site also has an installation movie, which is quite helpful. Your GC can use this information to evaluate their subcontractors' quotes.

Caution. *If you receive an installation quote from a plumber or electrician that appears higher than Eggrock's estimate, ask them to detail the exact labor hours and rates they are assuming in their estimate. Often we see that just a little education on the part of the plumber and electrician results in a more accurate bid for installation.*

No. 4 Beware of Artificially Low Costs

Because we know most all of the major hotel brands' bathrooms specifications we understand exactly what goes in each bathroom and how much it costs. Sometimes we speak to general contractors that estimate costs actually below the costs of the materials alone. In this case it is necessary to revisit these estimates and we are happy to speak with you or your GC to clarify discrepancies.

No. 5 Forget About Credits

Trying to have your GC bid the project as site-built construction and then provide credits for the pre-built bathroom is almost always an ineffective exercise, which results in higher than necessary costs for the owner. Few subcontractors will provide a full credit for any reduction in their scope of work so it makes no sense to head down this path when you know the outcome.

The best approach is to make an informed decision up front before going out to bid. Then you can incorporate the pre-built bathroom specs into the bid documents and evaluate the cost per key, as you normally would do with site-built construction. This is a fairly straightforward proposition and only requires a correct scope of work for the major trades involved in the bathroom. Having multiple subcontractors bid installation ensures that subs provide a more competitive number than if asked to provide credits.

If your project has already been bid and you are seeking credits, we have seen customers have success with having the work re-bid with the revised scope of work to at least two bidders.

Eggrock helps this process by providing the architect with the information to properly communicate the scope of work for each trade. Many customers prefer to have a "bid set" of documents that clearly removes the bathroom from the scope of work. Please reference our guide titled "How to Bid your Project with Eggrock Pre-Built Bathrooms" for more information.

What is my return on investment for using pre-built bathrooms?

1. Time Savings

It is not unusual for pre-built bathrooms to enable a reduction in schedule of several months time. To be conservative we have included the costs savings from saving only six weeks. Faster construction also reduces construction loan interest, less general conditions, and more profit from an earlier opening. Also, many owners need to open by a specific date so they can maximize revenue

2. Punch-list Savings

Hotel owners tell us that over half the end-of-job punch-list is due to the bathroom. It is not uncommon for punch-lists to require tens of thousands of dollars to correct. Poor tile work, damaged walls and ceilings, chipped tubs, poor blocking, and peeling wall vinyl are just some of the problems we hear about. For the sake of being conservative we have assumed that each bathroom costs \$100 to correct the punch-list.

3. Overhead Savings

Building bathrooms on-site requires the general contractor to coordinate eight specialty trades, each of which is dependent upon the other to do their jobs. Eliminating all this time and effort helps site supervisor become much more effective at managing the construction process. Pre-built bathrooms also reduce the amount of site trash, electricity, material handling equipment, and other resources that must be used to support the site. Using pre-built bathrooms also cuts pre-opening room cleaning. For this analysis we have only included the reduction in trash removal to provide a conservative estimate.

CASE EXAMPLE

To better understand these concepts let's take a look at an actual example. For the purposes of this example we are using data from a 125 room select service hotel located in the suburban Midwest. This bathroom is a typical 50 square-foot bathroom that includes a tile floor, tub, toilet, and granite vanity.

Hotel Brand	Small Select Service Bathroom
Quantity	125
Location	Midwest USA
Construction Budget	\$9,000,000
Amt. Budget Financed	\$6,300,000
Project Duration (Mos.)	12
Interest Rate on Loan	8.0%
Rev Par	\$100
Hotel Operating Profit %	20%
Punch-list Cost Per Bathroom	\$100

Typical Site Built Costs

Cost Category	Installed Price
Framing & Gypsum	\$800
Accessories	\$400
Door & Frame	\$550
Millwork	\$400
Plumbing	\$1,960
Electrical	\$750
Tile, Granite, Surround	\$1,700
Paint & Wallpaper	\$440
Surround	\$600
HVAC	\$100
Site Cost	\$7,700

COST SAVINGS USING EGGROCK

	Per Bathroom	Total Project
Site Built Bathroom Cost	\$7,700	
Eggrock Price	\$7,400	
Installation	\$300	
Eggrock Installed Cost	\$7,700	\$962,500
Delta to Site-Built	\$0	\$0
Savings		
6 weeks Loan Interest savings	\$500	\$63,000
6 weeks General Conditions	\$420	\$52,000
6 weeks Hotel Operating Profit	\$800	\$100,000
Elimination of Bathroom Punch list	\$100	\$12,500
Reduction in trash removal expense	\$40	\$6,000
Total Savings	\$1,860	\$234,000
% Savings to site-built	24%	

Conclusion

Eggrock bathrooms cost about the same as site built bathrooms on a direct cost basis but can result in 24% savings due to faster construction and reduced punch-list.

How much is it really worth to have all your hotel bathrooms in perfect condition at the end of the construction project? How much of your time and delays are associated with the headaches of going back and fixing problems later. Finally, how do your guests really feel about one of the most important areas impacting their satisfaction? Peeling wall vinyl, large caulk joints, loose fixtures, sloppy tile work, and poor paint jobs don't make a good impression and we all see it in virtually every hotel in which we stay.