

A professional construction manager can assure the best possible project outcome

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Many people have heard the term but few can define it, mainly because there are so many ways to manipulate this construction delivery system that it cannot be specifically defined. Despite this fact, there are several advantages to construction management which involves construction professionals in the complete design and construction process.

Traditionally design and construction was handled by the master builder responsible for both the design and construction delivering a complete product. Contractors normally would perform all aspects of the project within its own work force. During the mid 1850s, architecture became a separate service from construction. As buildings became more complex in the 1960s and '70s, contractors that traditionally self performed most of their work became brokers of smaller specialty subcontractors. At the same time, design professionals were beginning to pull away from their construction related responsibilities due to rising liability insurance costs.

Bidding competition became tougher and contractor margins were reduced. The successful bidding contractor would have to take advantage of missing items from the bid documents which would be necessary to complete the project. These items would not be included in the estimate in order to be the low bidder on bid day. As the project progressed, claims for change order compensation for any work not shown or implied on the bid documents, but necessary to complete the project, were made. This created an increasing adversarial relationship between the owner and the contractor while the design professionals were trying to back away from the construction process. The result was a construction project over budget, behind schedule and an unhappy owner.

It became evident that the owner required an advocate on the construction side to guide him throughout the complete process. Enter the construction manager. The construction manager became an agent for the owner responsible for managing trade contractors and material purchases in the best interest of the owner. The construction manager would procure competitive pricing from qualified subcontractors and suppliers. A selection recommendation was made to the owner based on qualification, cost, and schedule. The owner had complete access to project accounting including construction manager profit throughout the entire job.

In order to take full advantage of the services offered, the construction manager should be involved from the onset of design. Construction manager preconstruction services include the following: project scheduling, project budget, developing cost management procedures, coordinating design comments, reviewing and advising on constructability, developing bidding procedures, coordinating permit process, assisting in public relations, generating bidder interest, coordinating long lead purchase items, expediting bidder interest, expediting bid document delivery, and conducting pre-bid conference and bid evaluation.

Construction manager responsibilities during construction include the following: contracting

administration, managing submittal process, conducting job site meetings, coordinating inspections and testing agencies, construction observation, recommendations regarding non-conforming work, monitoring construction schedule, reviewing contractor/subcontractor payment request, negotiating change order costs and time extensions, reviewing contractor claims, receiving and reviewing equipment instruction manuals.

Probably the least thought about but equally important is post construction services including: Assist in occupancy permit, coordinating as built documents, coordinating training sessions, claim analysis, coordinating punch list items and final project reports.

Construction managers are normally on a qualification basis with a negotiated fee, similar to selection of a design professional. Two forms of contracts emerge at this point including Agency Construction Management and Construction Manager at Risk. A Guaranteed Maximum Price may be attached to the entire project putting the construction manager at a greater risk. Although this may seem desirable, one must remember that the greater the risk, the greater the reward.

Agency Construction Management will place the CM at minimal risk. The owner is normally responsible for the direct payment of the subcontractors and material.

With a CM at risk contract, the construction manager is responsible for the payment of all material and subcontractors with a guaranteed maximum price. This approach may be desirable however it leaves more opportunity for a conflict of interest.

A construction management fee is added to either contract, however the CM at risk is normally a higher rate due to the greater risk.

In general a professional construction manager can be invaluable to an owner for pre-planning, design, construction, engineering and management expertise. As a team player, the CM can assure the best possible project outcome no matter what type of delivery method used.

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