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4 steps to make municipal construction projects successful - by Thomas Lambert

February 17, 2023 - Construction Design & Engineering



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Municipalities are heavily involved in the construction industry, whether it be a new middle school, downtown concert venue or five-story parking garage. As material costs remain high and labor continues to be scarce, it's critical for municipalities and their contractors to manage the building process effectively.

1. Contract clarity

After a period of some stability, multiple global crises have sent shock waves throughout the supply chain, including the construction industry in New England. While municipalities and project managers can't necessarily plan for the next war or pandemic, they can specify in the contracts around a project who is responsible for changes in pricing and timing as a result of events like these.

2. State money, state rules

Many municipal projects rely on grant funding from the state. While this can often help make a construction project viable, strings attached to grants may require municipal leaders to follow the requirements of the state regardless of what local laws may decree. Those managing the project need to be very familiar with conditions set forth by the state from the RFP/RFQ stage through completion. Failure to do so may present a substantial yet completely avoidable financial risk.

3. Right-size the budget and project

Municipal projects are often subject to review by a greater number of councils and boards than private-sector projects. Typically, each gatekeeper will look to lower the budget, so there can be a temptation to downsize a project to meet approvals or to set expectations too high. Be sure the project meets both the current and future needs of the community—there's no sense in building something inadequate. If optimistic projections result in the project running well over budget, it can create major headaches, especially if bonding is used as a funding mechanism. And don't forget, when one project is completed another project begins: maintenance. It's a lot cheaper for upkeep than it is for a rebuild.

4. Insurance due diligence

The phrase "bonded and insured" appears on just about any contractor's website, but the details of the insurance policies carried by contractors is of great importance, particularly on municipal projects. Municipalities will likely carry their own insurance for the project, but there can still be gaps between that policy and those the contractors carry that need to be addressed proactively to avoid potential litigation.

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