

C.A.S.H. 29TH ANNUAL CONFERENCE ON SCHOOL FACILITIES

NEW PROGRAMS, NEW PROMISE CALIFORNIA SCHOOL FACILITIES 2008

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9:00 a.m. - 10:30 a.m.
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Workshop #20

Construction Manager Performance Standards

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What to expect from your Construction Manager

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What is Construction Management?

- Construction Management is a professional service that utilizes proven management techniques during the planning, design, and construction phases of a project for the purpose of controlling the three major components of time, cost and quality.
- Construction Management is a service that specifically was created to promote the successful execution of capital projects for owners

CM vs GC Services

A key distinction between Construction Management and other contractor services is that because the CM provides professional service rather than a construction project. A CM need not be selected on a low bid basis, but may be selected on a best value basis, as in the case of an architect or other professional.

Why and When to Hire a CM

- The best practice and best value is to hire the construction manager early, so that the entire project can be completed in the shortest time, at the lowest cost, with the highest quality.
- Selecting a CM depends on the nature of the Owner's available staff expertise, tolerance for risk, ability to make early decisions and the complexity of the project.

Before Hiring a Professional - Consider

- Owner staff capabilities
- Time considerations
 - Compressed timeframe vs increased risk
- Type of Project
 - Level of complexity and uniqueness of the project
 - Level of control that is desired
 - Likelihood of potential changes
 - Size of the project
 - Type of contractors that you want to attract
 - Capability of the contractors and available workforce

Before Hiring a Professional – Consider (cont'd)

- Material selection/standards/project intent
 - Traditional controls vs design build
- Budget constraints
- Political Environment
- Experience with delivery methods
 - Expertise of professional consultants, owner staff and contracting community
- Contractual relationship & responsibility
 - What level of risk is acceptable and who is at risk

CM Considerations

- Fiduciary vs Agent vs Vendor
- Competencies
- Methods of compensation
- Financial liabilities
- Full disclosure of differing legal relationships

Typical CM Services

- **Construction Management**
- **Planning**
- **Design**
- **Procurement (preconstruction services)**
- **Construction**
- **Commissioning & close-out**
- **Other services that can be provided are:**
 - Claims evaluation and resolution management
 - Program Management Services
 - Labor Compliance

CM Responsibilities for Budgeting

The Construction Manager in collaboration with the District Representative arrives at an overall project budget. Subsequent to project award, the District discovers that their eligibility has decreased and the state funding for the project will be significantly reduced.

Should the Construction Manager be held financially responsible for missed plan review items?

After the Construction Manager has conducted a thorough constructability review and during construction it is discovered that a number of items shown generically on the plans do not have a corresponding section in the project specifications.

Is the Construction Manager accountable for scoping errors?

An Elementary School is progressing very efficiently and effectively and is thirty days ahead of schedule. The landscape contractor arrives on the project for irrigation, fine grade, and planting activities and is asked to commence work on a nature trail that is to run through the play field areas for after-hours public use. The landscaper refuses to perform this work and it is discovered that the nature trail shown on the plans has not been scoped to any of the prime contractors, even though the work does show on the landscape sheets.

Are Construction Managers responsible for work performed out of sequence?

DSA approval has been delayed on the fire sprinkler drawings. The project has proceeded to the stage where ceiling grid needs to be installed in the classrooms. The grid is installed and upon receipt of DSA approval numerous significant changes are required to be made to both the sprinkler head locations and the counts.

Should the Construction Manager be given School District “Agency Authority”?

During the completion of the offsite portion of school project, a city inspector verbally directs the construction manager to instruct the concrete contractor to alter a handicap ramp on the city side of the street. The CM immediately issues written direction to the contractor to perform the requested change. After completion, a local citizen discovers that the ramp does not meet ADA standards, and it appears that the City requested change is the reason for the lack of compliance. The City refuses to take responsibility for the change.

Is the Construction Manager responsible for bid documents and bid strategies?

On bid day no bids are received for the earthwork category on a multi-prime project. The School District discovers that another school project of like size was bid at the same time. It is also discovered that the soil nailing and crib wall retaining systems were included in the scope for this category. As a result, a B license was assigned to this category in the bid documents.

What is the Construction Manager's liability for work performed out of sequence?

A school project includes an engineered translucent wall system at every building. The prime contractor experiences difficulty producing the drawings and calculations for this product and the submittal is significantly delayed. The project is at the stage where this product is needed in order to ensure a water tight wall assembly. The District and the CM agree that it is necessary to proceed with the interior wall finishes in the absence of the installation of the wall system. After the drywall is installed, a heavy wind driven rain saturates the drywall in many of the buildings.

Does the Construction Manager have responsibility for the proper installation of the work?

Six months after the completion of a school project a wood platform under a boiler on the second floor of one of the buildings ignites and significantly damages the interior of the building. The plans call for a wood platform below the boiler. A placard on the side of the boiler clearly states that the boiler is not to be installed over a combustible surface.

What are the Construction Manager's responsibilities in event that the prime contractors decide to stop working?

State funding is withheld on a school project due to the awarding of construction contracts prior to receipt of the DSA approval letter. On a second project, the School District attempts to bridge finance the first project by delaying payment to the contractors and this delayed payment extends into the ninety day range. The majority of the contractors refuse to continue work on the project and all momentum is at risk of being lost.

Who bears primary responsibility for cost control?

All payments have been made to a prime contractor with the exception of retention. A credit change order is then processed for twenty percent of the prime contractor's original contract amount.

Should the Construction Manager be empowered to stop the work?

Observing workers in a fifteen foot deep trench without shoring, an onsite superintendent for a Construction Manager issues written notification to the prime contractor to remove these workers from the trench and to stop the work.

What role should a Construction Manager take assume with regard to claims against the School District?

An assortment of weather and contractor delays push work on a school project out beyond the originally scheduled completion date. The School District receives substantial claims from the concrete, landscape, and painting contractors. These claims request compensation for added labor and materials costs and extended home office overhead.

How should the Construction Manager assist a School District with project close-out procedures?

A Construction Manager recommends that an N.O.C. be filed for a contractor with punch list items noted as exceptions. Included in the list is incomplete work. Final payment is processed by the School District and mailed to the prime contractor. The contractor refuses to make the noted corrections and complete the remainder of the work.

Industry Associations

- **ACCM**

- Association of California Construction Managers
 - www.accm.com

- **CMAA**

- Construction Management Association of America
 - www.cmaanet.org

- **PMI**

- Project Management Institute
 - www.pmi.org