

New construction project delivery

What are the options?

When considering a new construction project Indiana's cities and towns face a number of decisions, especially in light of recent state legislation that demands greater scrutiny of tax dollar expenditures by requiring taxpayer referendums on building projects. This demand for greater accountability makes it even more critical that cities and towns choose the right delivery system for their project.

Unfortunately, no municipality can avoid the typical project delivery process, but it can protect itself by being informed about the process. There are several options for delivery of a construction project. Each has its pros and cons. The following is a brief examination of these options.

Design/Build. This scenario is often executed under one contract. It has the advantage of having the designer working directly with the builder so that potential problems are foreseen. However, who is watching the designer? Who is watching the builder? There is limited means to effectively force accountability under this scenario.

Design with Extended Services by Designer. This is similar to the design/build option and again one has to ask just who is watching the designer?

Design with Construction Manager. As a general rule construction management should not be considered for a project under \$20 million. The claim that construction management will save money by issuing multiple contracts is easily dismantled by offering a bid alternate for a single contract under a general contractor, which is documented as being less costly to the client. The designer and construction manager claim they are watching each other and saving money. Fact is, they cost a premium, have worked together before and hope to work together in the future. Whose best interest is served here?

Design with General Contractor. This is the traditional and time proven method of project delivery. It is recommended for projects under \$20 million. It has its fair share of risk to the client, but in a competitive bid scenario offers an opportunity for design and construction deficiencies to be flushed out during the bidding phase. The competitive bid scenario also offers the client a cost verification mechanism

on bid day. Again, the designer is watching over the contractor. And quite often they, too, have worked together before and more than likely will work together in the future.

Other things to consider under the Design with General Contractor scenario include holding the design team accountable for budget guidelines established under contract and ensuring that design accountability is carried out throughout the construction phase. (Contract compliance of the contractor should be enforceable through the guidelines established during the design phase.) And, the client should demand the project take the highest priority with the contractor, demanding the full and undivided attention of all individuals associated with the project.

These construction delivery methods all have been used, sometimes with success but often with a record of failure and/or disappointment to the client. Cost overruns, project delays, problems found after the completion of a project are never desirable, but unfortunately are more common than not. There is a way to avoid this.

To enforce varying levels of design and construction accountability takes a tremendous amount of experience and time. And certainly the level of expertise needed increases greatly with the size and complexity of the project. You may want to consider someone or a company that specializes in being an agent for you and your project – an independent advocate.

These services are new to the industry and are slowly gaining a popular market share with clients. Because of the expertise these firms provide they can cover all aspects of a project from financial to structural; mechanical to electrical and plumbing. They make both the designer and the contractor transparent and accountable.

As public spending is more closely monitored, it is important that municipalities assure taxpayers that their money is being spent wisely. Completing a construction project in a timely and cost effective manner with the services of an independent client representative is good stewardship of public funds.

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