

# UNDERTAKING MAJOR CONSTRUCTION PROJECTS

**A GUIDE FOR CONDOMINIUM ASSOCIATIONS AND PROPERTY  
MANAGERS**

by

**John M. Reddy**

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At some point, every condominium association will face the prospect of a major, costly repair or renovation. Hopefully, it will be a planned project with funding available from accumulated reserves. Often that is not the case.

When the association finds itself in this position, the goals should be to get the project completed satisfactorily at the best price and least inconvenience possible. This sounds great in theory.

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Making it a reality takes some work. But with proper planning, sound advice and the right contractor, much of the pain can be avoided. The pain that can not be avoided is the financial outlay but it is better to spend more to see the project completed successfully rather than trying to pinch pennies only to end up with an unsatisfactory result and/or paying even more in the end.

### **PROFESSIONAL ADVICE**

Every successful project begins with sound planning which generally involves bringing in the experts right at the beginning. Undertaking a large project and hiring contractors without a strong working knowledge of the work to be done, the trades involved and the construction industry in general is likely to be a financial disaster. Engaging the services of an engineer, architect, building consultant or other professional will save not only headaches but dollars.

Often, associations will call a few contractors and ask them for quotes for a project. They receive five proposals which offer to do five different things for five radically different prices. At that point, the board members are scratching their heads and have no clue which contractor, if any, truly understands what they need and is providing a reasonable price.

This is what happens if you let the contractor tell you what he wants to do. You're in a much better position if you can tell the contractor what he's going to do. Not only what he's going to do but how he's going to do it, how he's going to guarantee it and how he's going to get paid for it. That can be pretty difficult to do if you don't really understand what you need.

The professional can not only help you determine exactly what you need, he can tell the contractor what you need, and can insure that the contractor provides just that.

### **THE PROCESS**

The process of undertaking a major construction project starts with a definition of the scope of work to be undertaken. A board may only know that their building is suffering water intrusion through the walls or windows but not know exactly why. The first role of the professional is to determine the specific causes of the water intrusion and to recommend a solution and alternate solutions if possible. This will require a comprehensive inspection and evaluation of the building envelope and portions of the interior of the building. After the inspection and evaluation is complete, the professional should provide a report which includes:

- A detailed report of findings from the inspection and evaluation.
- A summary report of defects and deficiencies.

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- Recommendations for remediation of defects and deficiencies including alternative recommendations where possible.
- Cost estimates for recommended work and recommendations for financing the project.
- Priorities of repairs or renovations in cases where extensive work is required and a sequence for the work if applicable.

This report will become that basis for all remedial work from planning through completion. The board members should familiarize themselves with its contents as it will form the basis for many decisions related to the project. A well-written report should be, to the greatest extent possible, free of confusing technical language. Where such language is unavoidable, clarification and explanations should be provided. Pictures and other illustrations should be used whenever possible for clarification.

### PROJECT PLANNING AND DEVELOPMENT

As stated above, the goal of the association is to direct the contractor throughout the project rather than having the contractor control the process. The basis for maintaining control is to provide clear instructions to the contractor as to the work to be undertaken. Those instructions should be in the form of a Project Manual which will include technical project specifications and drawings, as well as administrative sections which will dictate the terms of payment, scheduling, contractor responsibilities, owner responsibilities, insurance, warranties and several other mundane but nonetheless important provisions.

The Project Manual should contain as a minimum:

- AIA Form 101-97, (Construction Contract) with General Conditions  
*This is the legal document which delineates all of the basic terms of the contract.*
- Supplementary General Conditions  
*This document adds specific conditions (i.e. insurance requirements) not in the AIA contract.*
- General Requirements  
*This document specifies working hours, storage areas, security issues, utilities, etc.*
- Summary Scope of the Work

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*This document is a list of all tasks to be completed as part of the contract.*

- Technical Specifications (masonry repair, caulking, window replacement, etc.)

*These documents specify materials and workmanship for each component of the contract.*

- Contract Drawings/Sketches

*Drawings and sketches provide illustrations of how and where the work is to be performed.*

All of the information required to bid on and complete the project should be in the Project Manual. On occasion, after the Project Manual is published, it is necessary to amend some part of it. The amendment should be in the form of a clearly defined revision and distributed to all interested parties. Receipt of the revision should be acknowledged by all receiving parties, and such receipts should be kept on file for the duration of the project.

### **THE BID PROCESS**

After the Project Manual is assembled and approved, it becomes part of a bid package which is distributed to contractors for the purpose of obtaining bids. In addition to the Project Manual, the bid package should contain the following documents:

- Instructions to Bidders

*This document informs the bidder of the date bids are due, and the time frame of the project as well as other significant information related to the bid process.*

- Bid Form

*This document is returned by the bidder with his bid amount for the project. It contains language committing the bidder to his price for a specified time period.*

Other duties of the professional in the bidding process include:

- Publication and distribution of bid documents

*This insures that documents are sent to qualified contractors.*

- Pre-bid on site meeting with potential bidders

*This meeting, normally held on site, is essential to provide bidders a first hand look at the project and to answer any questions regarding the specifics of the project. Typically, the meeting should be scheduled seven to ten days after the bid packages are distributed to the bidders.*

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- Bid opening, analysis and recommendation

*The professional should provide a list of all bids presented in a manner to clearly identify the low bidder and the amount of each bid. and a recommendation as to which bid to accept.*

- It should be noted that as a private concern an association is under no obligation to accept the lowest bid received. Further, the association has the right to reject any and all bids for any reason and without explanation. There may be circumstances in which it is desirable to accept a higher bid (scheduling conflicts, etc.) which is perfectly acceptable.

That being said, the Association should either accept or reject bids solely on their respective merits. It is considered unethical to request that a contractor reduce the price of his bid. It should be assumed that the contractor, being aware that he is in competition with others, has submitted his best price for the project.

## **PROJECT ADMINISTRATION**

Administration of the project starts with the drafting of the contract for the project and ends with the final payment to the contractor, and includes all that happens in between. The role of the professional will typically include the following:

- Final Contract Preparation

*As the governing document of the project, the contract must be properly drafted. Almost all of the items to be included in the contract have already been created for the bid process.*

- Submittal Review

*As part of insuring that the contract is properly executed and that the proper materials are used, the contractor is required to submit samples, catalog cuts, shop drawings, lab tests, and other documentation to the project administrator who reviews the submittals to insure that they are in compliance with the contract specifications.*

- Pre-construction Conference

*The project administrator meets with the contractor, any subcontractors and the owner to coordinate the details of the construction process.*

- On-site Inspection

*The project administrator inspects the progress of the project to insure that the work is being performed properly, and in compliance with the project specifications. This may include the use of specialized subconsultants for some aspects of the work. The amount and frequency of project inspection differs for each project depending on the complexity of the*

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*project and the needs of the owner.*

**Review of Applications for Payment**

*The project administrator reviews all applications by the contractor for payment to insure that the payment is for work that is completed in a satisfactory manner.*

**Punch-list and Final Inspection**

*The project administrator insures that all work has been completed in a satisfactory manner, that all as-built drawings, warranties and other documentation have been provided and that the contractor has left the premises in good condition before final payment is issued.*

In summary, clear identification of a problem, sound advice on resolving the problem, clear concise instructions to the contractor, an vigilant monitoring of the work will take much of the pain and anxiety out of a major project. Hiring an engineer, architect, building consultant or other professional doesn't cost; it pays.

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