

APPA Institute for Facilities Management
Construction Project Management – Advanced Placement
Course 409

NOTES

CASE STUDY NUMBER 9

The Problem/ Issue

California University is building a new satellite campus. The preferred project delivery strategy is Construction Manager At-Risk (CMAR) due to the University's ability to bring the builder on-board during the design phase. During the design phase, the CMAR is responsible for participating in Owner scoping meetings, surveying the construction market in terms of availability of materials and equipment, and performing constructability reviews and cost estimates throughout the design and construction document phases.

Upon completion of construction documents, and the issuance of the building permit, the University authorized the CMAR to proceed with procurement. The CMAR was required to develop a number of bid packages, and to bid each package to a minimum of three bidders. The low bids for each bid package were tabulated, and the CMAR's fee and general conditions bids (in terms of percentages) were added to the total, along with a contingency of 8%.

The entire contract amount - the sum of all bid packages, general conditions, fee and contingency - were submitted to the Board of Trustees for approval. At their regularly scheduled Board meeting, the contract was approved, and a Notice to Proceed was issued shortly thereafter.

During construction, small issues began to arise with regards to the completeness of the construction drawings. Some of the issues involved unknown field conditions, and drawing coordination between disciplines. Other issues developed regarding lack of adherence to University standards, missing program elements that were discovered by the faculty, as well as missed coordination between the building and FF&E (fixtures, furniture and equipment). Soon, the 8% contingency was passed, and additional funding was required from the Trustees.

During the Board meeting a number of questions were raised by individual Trustees about responsibility and accountability for the Change Orders. During this discussion, the Vice Chancellor proclaimed that "the only responsible party is the Construction Manager At-Risk (CMAR). They were on board during the design and construction documents phase, so they should have known if the drawings were incomplete. In addition, that is what the 8% contingency is for. The architect and the engineers are not responsible."

Several of the Trustees began nodding their heads in agreement with the Vice Chancellor and directed him to begin preparing a lawsuit to seek recovery of damages when the project is completed.

Discussion

Do you agree with the Vice Chancellor's statement that with this project delivery strategy (CMAR) only the CMAR is responsible?

Are the architect and the engineers relieved of their responsibility for their construction documents?

Is the University relieved of their financial responsibility?

What should the University's Project Manager be doing to address the situation and to prepare for litigation?

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CASE STUDY NUMBER 10

The Problem/ Issue

California University is building a new campus using design-build project delivery. This is their first design-build project and they want to make sure that they obtain the best value for their capital improvement investment and assembled bridging documents to clearly state what the expectations are for the project.

Several Teams were prequalified to compete for the assignment. Through a points evaluation process, three teams were identified to compete for this contract. These three Teams competed in earnest, and ultimately, one firm was selected based on a combination of points, price, and other criteria such as community outreach.

The successful firm's proposal was taken to the Board of Trustees for approval. Board approval was obtained, and a Notice to Proceed was issued.

During design confirmation, the Design-Build Team's structural engineer recommended a specific structural system that could be permitted more quickly, involved fewer tons of steel and would expedite the project schedule. From the Owner's perspective, as long as the structural system met all code requirements and a permit could be obtained, the final decision rested on the shoulders of the Design-Build Team. Seeing no objections from the Owner, the Design-Build Team approved their structural engineer's recommendation and proceeded.

Unfortunately, the structural engineer's claim did not materialize. Instead of an expedited permit review, the actual review time took twice as long - six months instead of three. The steel fabricator was challenged in producing the required shapes and sizes in the drawings and the erector had difficulty in scheduling his crew due to the delay. In addition, all of the other trades started to fall behind as the building shell was delayed.

The steel fabricator and erector submitted a request for additional services in the amount of \$1 million. Other subcontractors were also being affected financially. However, it is clear that the responsibility is that of the Design-Build Team. Due to the magnitude of the financial impacts, subcontractors are rumored to not being paid, some are not dispatching workers to the jobsite, and hints are being made that Stop Notices may be filed soon.

The new campus is in an underserved community, and there is tremendous political pressure to make sure that this project is completed on time.

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Discussion

Given the dynamics of this project, what should the University's Project Manager be doing to make sure that the project is completed on time?

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