



Bulletin

Bulletin No. JM 6
File: Job Management

Working With Owners

OBJECTIVES

- Develop guidelines for an effective and cooperative work environment on a construction project.
- Establish up-front responsibilities with the owner, design team, suppliers and subcontractors; and
- Schedule regular communications meetings to ensure a professional, cost-effective project.

POTENTIAL ADVANTAGES OF WORKING WITH AN OWNER

- Better payment terms available. Don't be afraid to ask for earlier or more frequent payment or down payment.
- Potential for lower retention or no retention. Again, don't be afraid to ask.
- Can often avoid requirement to provide performance/payment bond.
- Good performance can lead to repeat business and possible service and maintenance contract.

POTENTIAL PITFALLS OF WORKING WITH AN OWNER

- Owner's representative will often be a contract employee and not engaged in owner's business.
- Owners often lack construction expertise and sophistication to

manage multiple contractors and produce an accurate coordinated construction schedule.

- Startup and commissioning – make sure that the owner has personnel to take responsibility for systems startup and commissioning.
- If existing facility, potential for working around existing operational systems and personnel. Need to make sure that procedures and safety measures are in place.
- Owner might not normally provide Builder's Risk Insurance. Insure that this is in place prior to construction. Also, be aware of the deductible for the Builder's Risk policy and clarify who is responsible to pay the deductible.
- Owners will often have a lack of understanding of scope change and the cost impact when they don't make timely decisions.

PRIOR TO CONTRACT

Maintain a good image and a positive relationship with the owner. Find out what the owner wants, and then stress it. Convince the owner that you fit his "want list." Show the owner security and comfort with your business (i.e., show insurance, financial strength,

bonding capability, safety, experience, licensing, organization, equipment, value, etc.).

CONTRACT

Coordinate with all prime contractors. Make sure who the owner's designated representative is (with control of the project). Lay out the owner's responsibilities (example: Article 4, AIA Document B141 2007, "Standard Form of Agreement Between Owner and Architect"). Use standard contract documents to promote mutually acceptable contract language for both the owner and contractor.

DURING CONSTRUCTION

Proactively manage the relationship with the owner. Use public relations (PR) and news releases for the owner. **[Please note that more detailed information on this subject is available in Bulletin MK5, *Listening To Our Customers*.]**

Create an organized project notebook for the owners' representative, with tabs on job minutes, schedules, subcontractors and supplier lists, etc. Schedule regular project meetings and keep insure that minutes of project meetings are maintained and distributed. (See checklist of items to cover.)

Job meeting checklist to clarify responsibilities:

- Permits/Licenses
- Insurance
- Safety
- Parking
- Storage
- Construction drawings including BIM process
- Shop Drawings and submittals
- Temporary facilities (i.e., temporary

heat services, such as gas or electric, sanitary, water, cost of power, site offices, site security, site cleanup, snow removal, dust control, wireless internet access)

- Progress and time schedules
- Inspections/testing
- Material handling
- Materials furnished by others
- Record keeping requirements
- Payment/cost breakdowns
- Subcontractors/suppliers
- Changes/claims
- Productivity
- Prefabrication—Payment and Storage
- Tools/equipment
- Ordering and paying overtime
- Quality/cost control
- Back charges
- Cleanup
- Record drawings
- Warranty-guarantee period
- Training of owner's maintenance personnel
- Commissioning
- Offer Preventative Maintenance and Service Contract

OWNER'S GENERAL RESPONSIBILITIES

1. Provide complete project information.
2. Provide all real estate survey information.
3. Have all geo-technical data responsibility (i.e., underground storage tanks).
4. Toxic or hazardous materials on site (i.e., asbestos).
5. Provide proper insurance including Builder's Risk Insurance.
6. Secure project drawings and contract documents.
7. Provide all legal approvals for the project development.
8. Clear all necessary easements and assessments of the property.

9. Establish the ability to pay for construction costs.
10. Pay for performance and payment bonds (if required).
11. Should communicate with the sub-contractors only through the prime contractor and not be contractually obligated to any of the contractors' subcontractors, unless set up otherwise, such as a C/M project.
12. Waive subrogation against contractors, architects, engineers, subcontractors and sub-subcontractors for loss (carried under the owners' insurance).
13. Agree to arbitration of claims and disputes in questions arising out of or relating to the contract.
14. Provide a representative to be in charge of the project.
15. Be aware of any fault or defect in project nonconformance with the drawings or specs, and give prompt written notice to the contractor.
7. Follow up on final payment, and clear any final lien waivers that may be necessary. Note the state's lien requirements to insure that final payment is made before lien rights expire.
8. Transfer billing arrangements of any utilities that may have been in your name to the owner's name.
9. Request a letter of recommendation from the owner, architect and/or engineer.
10. Request permission to take pictures of sections of your work. Ask permission for use in marketing campaigns.
11. If appropriate, consult with in-house services to pursue a service and/or maintenance contract.

AFTER CONSTRUCTION

1. Complete operation and maintenance manuals and record drawings promptly.
2. Provide operational instructions to the owner's maintenance team and/or provide for a maintenance contract.
3. Document start-up dates of major equipment and inform the owner of warranty periods.
4. Make sure all punch list items are complete and permit items inspected and signed off on by the local authorities.
5. Send your congratulations to the owner for the completed project with a building plaque, news release, or any other tangible "thank you" method. (This is also a nice touch for the architect/engineer/ general contractor.)
6. Advise your bonding company that the project has been completed to open up available bonding capacity.