



BRITISH COLUMBIA CONSTRUCTION ASSOCIATION

RECOMMENDED GUIDELINES FOR THE USE OF CONSTRUCTION MANAGEMENT AS A PROJECT DELIVERY METHOD

September, 2000

CONSTRUCTION MANAGEMENT GUIDELINES:

Background:

The Board of the British Columbia Construction Association in association with Vancouver Regional Construction Association, Northern B.C Construction Association, Southern Interior Construction Association, and Vancouver Island Construction Association has developed **specific guidelines** for government bodies and agencies to follow when using **Construction Management** as a project delivery method. This policy attempts to provide a fair and equitable process resulting in a contract award based on maximum public accountability. Although the BCCA and its regional associations neither recommend nor endorse Construction Management as a preferred project delivery method for public owners, it is recognized that it is appropriate in very limited circumstances.

These guidelines may also apply to Construction Management of privately funded projects.

Intent:

These guidelines apply to privately and publicly funded projects in which the Owner intends to enter into a contract with a Construction Manager for delivery of the project on land owned or controlled by the Owner.

Definitions:

Construction Management is a project delivery method in which an Owner contracts with a single entity to provide site management, advice, and administrative and technical services for the benefit of the Owner, for a contract fee. The Owner contracts directly with the trade contractors.

Project Management: is a project delivery method in which an Owner contracts with a single entity for design, planning, scheduling, project accounting, and coordination and control of construction.

Publicly Funded Projects: are those projects which are funded or underwritten by any level of government, whether represented by government ministries, crown corporations, public boards, municipalities, or government agencies.

Owner is the organization or body that owns or controls the land on which a project is built, and enters into a contract with a Construction Manager.

Considerations Prior to Choosing a Delivery Method:

Almost any type of project may be built using Construction Management Method. Prior to choosing a method of delivery, however, an Owner should carefully consider the ramifications. Understanding the different variables attaching to each method of project delivery is essential for an informed and successful choice. Apart from the standard risks and responsibilities attaching to any construction project, publicly funded projects carry with them an additional requirement for accountability to the public. Cost efficiency and the use of a fair and transparent tendering procedure are mandatory. As such, the development of a clear and equitable process for every form of project delivery, of which Construction Management is one, is essential. When and how to use it needs to be clearly and unequivocally stated.

In determining the most appropriate form of Project delivery, consideration should be given to the following:

Project Size: the size or complexity of the project may factor into the decision to use one method as opposed to another.

Cost: potential cost savings must be examined along with possible cost over-runs incumbent in the delivery method chosen.

Time: speed of delivery may be an issue.

Design: the advantages and disadvantages of design completion prior to commencement of construction should be fully examined.

Relationships: a clear delineation of responsibility among the key participants and the input required by the Owner should be established.

Flexibility: may be an important element of the project.

Transparency: this is generally an important consideration for publicly funded projects.

Liability: a clear understanding of the potential risks attaching to each participant in the process chosen is essential.

CONSTRUCTION MANAGEMENT GUIDELINES:

Selection of Project for Construction Management:

The Owner should carefully consider his reasons for choosing Construction Management over other (more traditional) contracting methods. Prior to making a decision in this regard, it is recommended that the Owner read the CCA document #26 entitled, "*A Guide to Construction Management Contracts*".

Construction Management may be considered where:

- ❑ There is an urgency to complete, such that it requires commencement of construction prior to completion of design.
- ❑ The project is such that the scope of work cannot be precisely defined, such as a major specialized renovation.
- ❑ The duration of the project is lengthy and the time lag between bidding and execution of work can be shortened.
- ❑ The project is high risk, and there is a firm indication that there will be a lack of competitive tendering on a Stipulated Sum basis.

In the interests of promoting public accountability, as well as the most fair and transparent process for all bidders, the Public Owner should **not** consider the use of Construction Management where:

- ❑ The conventional stipulated sum contract is an acceptable and available method of delivery.
- ❑ It can not be demonstrated that the use of Construction Management would result in a more effective and efficient method of construction for cost, management and schedule over a stipulated sum method.

Request for Proposals:

The Owner shall prepare a document(s) commonly called a Request for Proposals (RFP). The RFP shall describe all of the requirements of the proposal submission, the evaluation criteria and process, the project budget, required completion date (if significant), any post-submission requirements, and the proposed contract form.

A proposal submission date and time should be stated in the RFP.

The RFP should describe all of the submission requirements in detail. The Owner may request clarification from proponents, but should not enter into post-tender negotiations

with any proponent until all evaluations are completed. All submissions shall be kept strictly confidential until after a contract is awarded.

The RFP should explicitly state all qualifications and experience required or preferred of the prospective Construction Manager. Consideration should be given to experience on similar projects, Construction Management experience, team organization & experience, local experience. Criteria should include:

- ❑ Experience of Manager and Superintendent
- ❑ Construction credentials and Professional status
- ❑ Schedule and track record of on time projects
- ❑ References
- ❑ Safety record and WCB record, safety program
- ❑ Financial capability
- ❑ Fee

An evaluation grid should be included with the maximum possible points indicated for each criterion. There may be certain fundamental criteria that are evaluated on a pass/fail basis.

All proponents should be evaluated based on the stated criteria and their submission with pre-published weight attached to each criterion. The Owner should not have any hidden preferences. All potential proponents should be advised of their overall ranking, points awarded for each category, and the ranking/points awarded to all other potential proponents.

Upon completion of the evaluation, the Owner should award the contract based on the overall high score. All proponents should be notified of the results within a reasonable period of time.

Contract Forms:

Contract forms that are standardized and generally accepted in the industry should be used. CCA #5 : *Canadian Standard construction Management Contract Form* is recommended as the preferred contract between the Owner and the Construction Manager.

Procedures for Delivery:

Once a Construction Manager has been chosen, a clear and transparent process should be followed in contracting with trade contractors. This should include the following:

- ❑ Any pre-qualification of trade contractors be completed based on objective evaluation of criteria
- ❑ The use of Bid Depository.
- ❑ A local public tender opening.
- ❑ Construction Manager's own employees or company not permitted for any of the Trade packages
- ❑ The recommended use of standard contract CCA #17: *Stipulated Price Contract for Trade Contractors on Construction Management Projects*
- ❑ All separate/alternate prices that are acceptable for consideration must be documented in the specifications or addenda
- ❑ For the tender to be considered valid, it must be submitted as per plans specifications and addenda with no qualifications on the face of the tender.
- ❑ The awarding of contracts should be based on the lowest base bid or, if specified in the bid documents, on the lowest combination of base bid and acceptable alternative prices. Unsolicited alternatives should not be considered in the contract award.

Disclaimer:

This document seeks only to provide guidelines on procedure based on the determined preferences and opinions of the members of the BC Construction Association. Nothing in this document should be construed as providing professional advice, of any kind whatsoever, on the efficacy or legality of any construction method.