

TOP 9 THINGS OWNERS SHOULD KNOW BEFORE A CONSTRUCTION PROJECT



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For many owners, the decision to undertake new construction is followed by a vague but critically important question: Now what?

Owners want to get these significant events right, but it's common not to know where to start.

Choosing the [Design-Build delivery system](#) works well for many owners because it streamlines the construction process. With both the architectural/engineering and construction disciplines under one roof, owners are assured a single point of contact to address their needs in every phase of a project.

This guide explains the steps owners should take to ensure the relationship they form with a Design-Builder is as strong and as effective as possible.



1. DEVELOP AN OWNER'S GUIDE

This initial step is crucial to the success of a project and should be undertaken before any conversations with a Design-Builder occur. The program should address the following:

- The intended use of a facility.
- Proposed site locations.
- Owner's needs or preferences that will affect the project.
- Limitations or design requirements unique to the intended use that will affect the project.

In cases where the owner-builder partnership is established before the owner's program is conceived, the Design-Builder can play a role as a consultant to the owner during program development.

The Design-Build benefits are instant: It puts the combined resources of architects, engineers, project managers and other key individuals at the owner's disposal with a single point of contact. That streamlines communications, reduces conflict and maximizes an owner's time and effort.



2. CHOOSE A PROCUREMENT PROCESS

After developing the project program, owners must next select the Design-Builder to deliver the project. How a builder is chosen varies depending on the owner.

PRIVATE SECTOR

Commercial owners can procure Design-Build services any way they want, including via sole source or through a structured competition. Regardless of the chosen method, these owners should consider:

- How they will develop their shortlist of prospective providers.
- The criteria used to make a decision.
- What information, including any design submittals, to request of prospective Design-Builders in consideration.
- The manner in which proposals are received.
- Which individuals will comprise the selection team.

PUBLIC SECTOR

Procurement statutes limit how these owners obtain Design-Build services. It starts with the governing authority issuing requests for qualifications (RFQs). Responses to RFQs help the authority generate the shortlist of firms that will be asked to submit requests for proposal (RFPs).





Additional steps public sector owners must take include:

- Conduct a review to identify any procurement statutes that will impact the project.
- Develop selection factors and weights to be applied those responding to RFPs.
- Engage with constituents, including collecting public comment and alleviating concerns or protests.

Because elected public bodies are not necessarily made up of construction experts, they often rely on outside consultants to assist in making decisions that are most beneficial to the proposed facility's purpose and to the taxpayers who are ultimately responsible for its cost.

Once a contractor is chosen, it's important to provide an initial, reasonable budget promptly. It won't be the precise ending total down to the cent — you won't know that until the job's done — but having a good ballpark figure will help your contractor start narrowing down the material and design elements that align with the owner's project goals.



3. DECIDE ON A CONTRACT AMOUNT DETERMINATION METHOD

This is a critical decision driven by the individual circumstances surrounding a project. Private sector owners can choose among methods such as lump sum, unit price, guaranteed maximum price and cost plus. Each has advantages and disadvantages; owners typically choose a payment method in conjunction with the amount of project risk they're willing to take.

Public sector owners are limited in this respect, too, because they're charged with using public dollars wisely. They usually do not have the statutory authority to increase appropriations for projects after a contract has been signed.



4. ACQUIRE FINANCING AND ADEQUATE PROJECT INSURANCE

Design-Builders need to know they'll be paid for their work. That's why owners should be timely in [acquiring financing](#) and often must supply proof of their ability to pay. This proof can come in the form of the following:

- A letter of credit from a financial institution.
- Third-party guarantees (usually made by corporate owners).
- A substantial down payment on the total project cost.

In addition, both owners and Design-Builders must maintain sufficient project insurance that covers commercial general liability, builder's risk and pollution.

A current trend in the industry is for owners to buy project wrap-up policies that seamlessly cover projects from start to finish. These policies eliminate redundancies that occur when multiple policies cover a single project. They also consolidate coverage and therefore tend to be less expensive.



5. GATHER SITE INFORMATION

Detailed information about a site must be collected to ensure the form — and in some cases, the function — of a proposed facility are compatible with the chosen location. Here's what owners need to compile:

- [Surveys](#) and legal descriptions of the planned construction site.
- As-built drawings of existing structures on the site.
- Geotechnical surveys that contain key soil information that could impact design and construction.
- Information regarding agreements or easements with neighboring properties or public entities.
- Environmental studies and impact statements that could impact the project.



No site is perfect. Owners must realize this up front and collect as much site information as possible early on. This prevents the hasty development of designs that may not be feasible due to site limitations.

A Design-Build partnership with The Korte Company makes this easier, since the individuals who are needed to complete these tasks are available and can be dispatched with a single email or phone call. Some owners have been through multiple builds and prefer not to get bogged down in these details. Others have never done this before and may not know just how involved this process is. Either way, the Design-Build delivery system makes this process as painless as it can possibly be.



6. IDENTIFY OWNER DELIVERABLES

Owners are responsible for a number of deliverables that Design-Builders need in order to complete their work as specified in a contract. These deliverables will be identified through the collection of site information and conversations with the Design-Builder.

Deliverables include providing applicable construction permits, on-site furnishings, utilities connections, fuel, potable water, landscaping and other infrastructure improvements or alterations.

Discussions with the Design-Builder will reveal what an owner is responsible for, but owners can increase pre-construction efficiency by identifying and preparing for deliverables they know they must provide ahead of time. And if you need help marshalling the resources necessary to hold up your end of the deal, don't fret. At The Korte Company, we've been through this many times. We're happy to walk you through anything you need help with to ensure the project goes as smoothly.





7. REVIEW DESIGN SUBMISSIONS

The extent to which an owner influences — and possibly alters — the design of a facility varies. Both owners and Design-Builders have objectives that must be met. Sometimes, these objectives work against each other.

For example, owners obviously need to be assured the facility they're paying for will accomplish the goals set out in the owner's program. They'll naturally want to oversee, change and approve designs to see that their intent is executed.

On the other hand, Design-Builders are obligated to ensure each phase of a project complies with applicable codes and is executed on-time and on-budget. An owner may make design changes in good faith, but that can still interfere with the Design-Builder's ability to maintain cost and timeline certainty if it becomes excessive.

Owners and Design-Builders should therefore agree on what constitutes appropriate involvement on the part of the owner during design phases and spell that out in the project contract.



8. INSPECT THE PROJECT FOR COMPLIANCE

On Design-Build projects, owners largely retain the inspection rights granted them under more traditional project delivery systems. These include:

- The right to inspect ongoing work, both on- and off-site.
- The right to review, approve and monitor quality assurance programs put in place by the Design-Builder.
- The right to make a final determination that the project is complete.

The project contract should spell out the manners in which owners are to exercise these rights.

But there's always the chance that changes or claims can occur. In Design-Build contracts, owners typically have the unilateral right to make change orders. But with that right comes the responsibility to fairly compensate the Design-Builder in terms of budget and timeline if this occurs. The contract should establish the framework to be followed in such cases.



9. STAY FOCUSED ON YOUR CORE ROLE

Owners can't be everywhere at once. As much as you may want to drop day-to-day tasks to pilot a construction project, there's still an organization to run.

Our bread and butter is making it easier for you to manage a project while running your business. By leaning on your Design-Builder to execute the details of your project, you can keep up with your core leadership responsibilities.

Two good things happen when you rely on your Design-Builder in this way. First, your project will move forward, and there's almost nothing else like seeing the walls go up on a new building to get your workers — and the community — excited. Second, your employees will know you're still steering the ship. If you stay on task, so will they.



BONUS TIP: ENGAGE AN EXPERIENCED DESIGN-BUILD CONTRACTOR

For many owners, a construction project is a defining moment born of what may be the most important business or organizational decision they'll ever make. That's why choosing an [experienced Design-Build contractor](#) is key. Here's what you get when you choose an experienced contractor like The Korte Company:

- **Speed** – We've done thousands of projects, using each one as a learning experience we can apply to the next. We know how important it is to finish a job on-time. In fact, we strive to finish work ahead of schedule because we've seen owners realize huge savings and added revenue — in some cases, up to an extra \$1 million a month — directly tied to how much sooner we've finished a job.
- **Price** – As a Design-Build contractor, finding ways to save owners money is in our DNA. We treat every single project as an opportunity to add value to our customers.
- **Quality** – It's about more than following industry, organizational or statutory rules. A renovation, addition or new structure must be well-built — from quality concrete floors to tilt-up walls to any other facet of a project. We assure owners that a partnership with The Korte Company means execution of projects as if they were for our own family, friends and neighbors. After all, those were our first customers back when we got started in 1958.
- **No hassles** – Construction projects are as unique as finger prints, and challenges always spring up. But we've been around. There's value in making sure the construction process is as smooth as possible. It's not always easy to make that happen, but we strive for it on every job we do because we think positive, lasting relationships matter. And it works: Over 80 percent of our business comes from return customers.



TRUSTED SINCE 1958

It doesn't matter if you've been through a few construction projects or have never done it before. At The Korte Company, the [job is boss](#). That philosophy allows us to translate your vision into well-designed, well-built facilities that do what you need them to do. With [thousands of projects](#) completed in 43 U.S. states and counting since 1958, owners nationwide have seen proof that our philosophy delivers results.

Let's talk. [Request a project consultation](#) now.



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