

THE VALUE OF CONTRACT DOCUMENTS IN CLUE CONSTRUCTION AND RENOVATION PROGRAMS

**Jerry N. McCoy, CCM
General Manager
The Montgomery Country Club
Montgomery, Alabama**

A Monograph Outline submitted to the Certification Committee of the Club Managers Association of America in partial fulfillment of the requirements of the Master Club Manager (MCM) designation

UNDERSTANDING CONTRACT DOCUMENTS IN CLUB CONSTRUCTION AND RENOVATION PROGRAMS

TABLE OF CONTENTS

Acknowledgements _____	i
Executive Summary _____	iii
Introduction _____	1
Methodology &. Resource Material _____	4

Theoretical Analysis	
Overview of the Renovation Process	7
Introduction to Construction Documents	10
Document Development The Role of the Club, Architect, Planner and Contractor	17
Critical Issues in Document Development	28
Pre-Agreement Check List for Clubs	37
References	43
Appendices	44

ACKNOWLEDGEMENTS

Several individuals should be acknowledged for their valuable assistance and insight into the successful completion of this project. The MCM Monograph Support Group involved include:

William E. Kent, PhD
Hotel Restaurant Management Program
Auburn University, Auburn, Alabama

James N. Walter
Retired Executive, Past President-Algernon Blair,
Montgomery, Alabama
Participating member of the American Arbitration Association

Dr. Kent and Mr. Walter spent many hours discussing philosophy and format. Mr. Walter was interviewed and provided valuable input in analyzing issues of conflict regarding construction documents.

Club planners and architects that responded offered the planners' perspective on document development. This group filled a void due to the lack of available club related written material on the subject. Their experience in hundreds of projects worldwide was invaluable.

The Club Managers Association of America established a Master Club Managers Program that will offer managers the opportunity for growth and development. This has proven to be a unique and fulfilling experience for me.

The Board of Directors of the Montgomery Country Club encouraged my participation in the P4CM Program. Their belief in continuing education was a driving force in my successful completion of this Monograph.

My Administrative Assistant, Jackie Kraft, spent many hours typing and proofing this project. To her I offer my grateful appreciation.

As always, my wife Mary has supported my efforts in many ways. Her strong encouragement and understanding was of great assistance through the development of this project.

Jerry McCoy, CCM

EXECUTIVE SUMMARY

The Value of Contract Documents in Club Construction and Renovation Programs

The purpose of this monograph is to introduce the reader to contract documents, explain the document development phase of construction and suggest a method of analysis of the contract documents that will allow clubs the ability to avoid construction pitfalls. Undertaking a club construction or renovation program is one of the most important decisions a club can make. Such projects require scrutiny by the club at each phase to insure club objectives are accomplished. Proper contract document development, from planning through completion, along with competent contract administration, may be the most important aspect of a project.

Construction Documents

Contract documents include the contract for construction, drawings, specifications and general conditions of construction. Documents should include scope of work, compensation, responsibilities of the parties, scheduling change order systems and dispute resolution procedures. The American Institute of Architects standard forms are universally accepted for document use. They can easily be amended to fit the project needs. AIA Documents do have problems in that they are only enforceable in the courts and have been written in favor of the architects.

Construction contracts normally used in club projects include lump sum, cost plus and guaranteed maximum contracts. The design build contract is not recommended for club construction. In design build there is a loss of creative options, lack of competition and normally a higher cost. Most clubs do not have the in-house expertise to undertake the design build option.

Role of the Club, Architect/Planner and Contract in Document Development During the design and document development phases it is important to maintain excellent lines of communication. The right team made up of club representatives, architect/planner and contractor help to insure a successful project. The contractor is not always available during the design and document phases when a pure bid system is used. In this case, construction estimators can partially fill the roll of the contractor.

The roles of each party during these phases include:

The Club should set objectives, give operational criteria and establish program element. The club should also use its oversight and review responsibilities as the documents are developed.

Architect/Planner is responsible for developing all the finished documents. They need to insure that both aesthetic and function issues are properly addressed.

Contractor - When the contractor is included, value engineering can take place. This is a process of adjusting construction to affect cost savings. There is evidence that bidding more than makes up for the savings generated by value engineering.

Caution should be used when employing member architects or general contractors.

Critical Issues in Document Development

Issues of importance during document development and review include:

1. Allowing appropriate time (2 weeks) for final document review.
2. During review, concentrate on function issues to insure club objectives are met.
3. Plan a pre-bid job site conference to address construction issues so that bidders totally understand the intent of the documents.
4. Insure construction schedules are realistic and cash management is maximized.
5. During final review, closely check specifications for their relationship to drawings, especially in the areas of function, to help limit confusion and change orders.
6. Have documents reviewed by a professional representing the club to insure fair division of liability and risk.

Clubs should organize all aspects of a project by developing a checklist of issues to be addressed. Checklists can be used in each phase of construction but they are critical in the design and document development phases. Checklists alert clubs to specific problems so they can be discussed in-depth.

INTRODUCTION

A construction and renovation project is a major part of the capital improvement program of a private club. In many cases these projects are not planned as part of an ongoing asset replacement program. They are more complex and costly and may require special authorization to undertake. This special authorization of the membership tends to focus attention on the project. In most cases, assistance of industry professionals is needed to successfully accomplish club goals.

Usually, projects require dealing with architects, contractors and club planners. Since there are many technical issues within a successful club construction or renovation program, it is necessary to draw on the talents of these professionals.

In reviewing recent articles, workshop topics and conference educational offerings, it appears there is a great deal of information available to clubs in the areas of fact finding and problem definition, membership surveys, evaluation and presentation. However, there is a great need for

more information about the implementation phase and, more specifically, the construction contract.

The purpose of most building projects is to offer improved facilities that function well in delivering member services. Insuring that the spaces are properly customized to the specific needs of the members that will use them and the management that must effectively operate within them is paramount to a successful building program.

The purpose of this monograph is to introduce the reader to contract documents, explain the document development phase of construction and suggest a method of analysis of the contract documents that will allow clubs the ability to avoid construction pitfalls. When the developmental phases of a project are completed and the implementation phase begins, everything comes together in a construction contract through a series of documents. We rely on contract documents to set the parameters of the project. In the end, only upon diligent follow-through and analysis of the contract documents, can the club fully realize the expected benefits of the contract. The most critical portion of the construction process is making sure the contract documents represent what the club believes it is getting, that being a highly functional facility that will serve the needs of the members.

In gathering information for an analysis of the construction documents, a review of specific writing on contract documents was completed. Many of the resources were found in the architecture library at Auburn University. Club Management Magazine was also used for some club specific material. A supplemental survey of the club planner's perspective on the issues was completed. All information gathered was arranged by subject to develop a chronological review of the construction document phase of a project. By walking the reader through the document development process, potential pitfalls to successful project completion are identified. At the end, critical issues are summarized in checklist form. The checklist can be used by managers and club boards to assist in developing a contract that meets the needs of the club. It is most important to insure that the club representatives have included in the original contract documents the necessary elements sufficient to meet member expectations and prevent later changes, cost overruns and conflicts.

METHODOLOGY AND RESOURCE MATERIAL

The basis for today's system of construction contracts and documents began its development in the early 1900s. Large capital investments during the industrial revolution required "codes and rules on how business was to be conducted and how those involved were to be governed" (Holns, 1981, p. 18). Organizations like the American Society of Civil Engineers and the American Institute of Architects developed contracts and language for use in the conduct of business. Substantial case law in the area of construction contracts has helped to develop the laws we presently use today.

It is obvious that with such a large industry that crosses the total fabric of society, much has been written in the area of contract development, contract administration and the documents themselves. A complete review of available material on the subject would be impossible under the constraints of this project.

For the purpose of this monograph, selected texts were used to offer an industry overview of the document development process. Four specific texts were used extensively during this project. They are as follows:

Bentil, Kweku K. (1989). Fundamentals of the Construction Process. Kingston, MA.: R. S. Means Company Inc.

Holns, H. Murray PE; Callahan, Michael I., J.D., LL.M; Dolan, James V., LL.B with Bramble, Barry B., J.D.; & Wulfsberg, H. James, J.D. with McNabb, Sandra J., J.D. (1981). Deskbook of Construction Contract Law — with Forms. Englewood Cliffs, New Jersey: Prentice Hall.

Bennett, John. (1985). Construction Project Management. London, Boston: Butterworths

O'Leary, Arthur F. (1992). Construction Administration in Architectural Practice. New York, NY: McGraw Hill Inc.

The last five years of Club Management Magazine, (1989 - 1994), were reviewed for related material. Several articles were referenced throughout the text of this monograph.

The American Institute of Architects has developed many standard documents, contracts and checklists. These standard forms have received broad acceptance in the construction industry. Several of these documents were used in the completion of this project. They are as follows:

- AIA Document 8141 (1987 Edition)
The Agreement Between the Owner and Architect

- AIA Document 8511 (1990 Edition).
Amendments to AIA Document 8141
- AIA Document D200 (1982 Edition)
Project Checklist
- Pre—agreement Checklist

After a review of the above material, it was evident that, to make this monograph club specific and meet stated goals, it would be necessary to get opinions on related subjects from professionals in the industry. Twenty club planners, architects and interior design firms were asked to answer survey questions related to this project. The companies surveyed were identified through advertising in Club Management and National Conference advertisers catalogue at CMAA National Headquarters in Washington DC. From the initial request, ten companies responded to the survey. The surveys were tabulated and the information is included throughout the text of this monograph. Opinion from the respondents added insight into a variety of issues •surrounding document development. This insight should prove important in constructing a contract that meets the needs of the club.

The survey developed for this monograph is included in Appendix 1.0. Respondents to the survey are included in Appendix 2.0.

OVERVIEW OF THE RENOVATION PROCESS

The process of club renovation is normally divided into phases. Club planners, architects and interior designers use these phases to segment the job, normally for billing purposes. By separating a project into phases, or sections, it is easier to organize an action plan to meet club goals.

Harry Chris, of Chris consultants, a large club planning firm in Dallas, Texas, divides his action plan called “Master Planning with a purpose” into six phases. They are as follows:

- Phase I A. Fact-finding / Problem Definition
 B. Membership Support
 C. Survey
- Phase II Develop Alternatives
- Phase III Evaluation
- Phase IV Master Plan Documentation
- Phase V Presentation
- Phase VI Implementation

An article in the July / August 1992 issue of Club Management entitled “Surviving a Clubhouse Renovation” stated an opinion as to what is most important. “The most complex yet crucial step in any renovation, stressed the half dozen architects and design consultants who spoke with Club Management, is to convince your members to approve the renovation” (p. 48). Granted, it is unlikely that a successful renovation can succeed without support and funding. The problem is that after the authorization process, the difficult job of delivering a successful project has just begun.

During Chris’ Phase V - The Presentation, it is common-place that promises are made to the membership. Each member makes assumptions, based on those promises, that his or her needs and desires will be fulfilled by the project. This is where many projects fall short. HGI-IB, an architect, planning and design firm in Monterey, California, states, “There are inevitable gray areas in dealing with construction... Many architects learn only too late -- at a club’s expense -- just how complex these facilities are, what a careful balancing of functional and technical issues is required” (HGHB, Survey, 1994). In reality, sound contract development and capable administration is the most important aspect of a construction project. “Only upon diligent follow-through... can the owner realistically expect to fully realize the benefits...” (O’Leary, 1992, p. 4), from construction that were originally promised and now expected by the membership.

“A construction project is a very complex organizational mechanism” (O’Leary, 1992, p. 19).
“To be considered successful, a construction project must result in faithful execution of the architects design... within the owners’ cost and time expectations” (O’Leary, 1992, p. 19).

Most importantly it must deliver a highly functional facility that meets the needs of the members. “The owners’ legitimate interests in a construction contract can only be assumed through knowledgeable negotiation of the contract in the first place” (O’Leary, 1994, p. 4).

The construction contract is made-up of a series of documents. “Knowledge of the contents of construction documents simplifies the potential overwhelming collection of agreements, plans, drawings, and specifications... of the construction contract” (O’Leary, 1992, p. 6).

INTRODUCTION TO CONSTRUCTION DOCUMENTS

Components

-
The club’s essential responsibility is to establish the project objectives (Bennett, 1985). In most cases club function is a critical objective. “Typically design moves through broad stages, with the client’s objectives as its starting point. It progresses through general descriptions of appearance, layout, functions... to detailed drawing and specifications of every part” (Bennett, 1985, p. 11). Design then culminates in some contractual form so that the project can progress.

“The contract must be a mutually accepted offer, have consideration, must be clear and lawful, have good faith and be capable of performance” (Bentil, 1989, p. 15). “The documents which comprise a complete construction contract in the United States are called contract documents and consist of:

1. Owner Contractor Agreement
2. Conditions of the Contract
(general, supplementary and other conditions)
3. Construction Drawings
4. Specifications” (Bentil, 1989, p. 19).

For additional information on the specifics of these components, •see Appendix 3.0.

The main principals identified in the documents are the architect/planner, the general contractor and the club. The documents should address the primary concerns of each principal. Club Management, in its January/February 1994 article titled “Building Relationships’ by John Sanger, identifies these concerns as:

1. Scope of Work
2. Compensation
3. Responsibilities
4. Schedule
5. Change Orders
6. Dispute Resolution Procedures (1)

Contracts & Forms

There are various contract types that can be used for a construction project. These are unit price, lump sum, cost plus/fixed fee and guaranteed maximum. Further definition of these contract styles is available in Appendix 4.0.

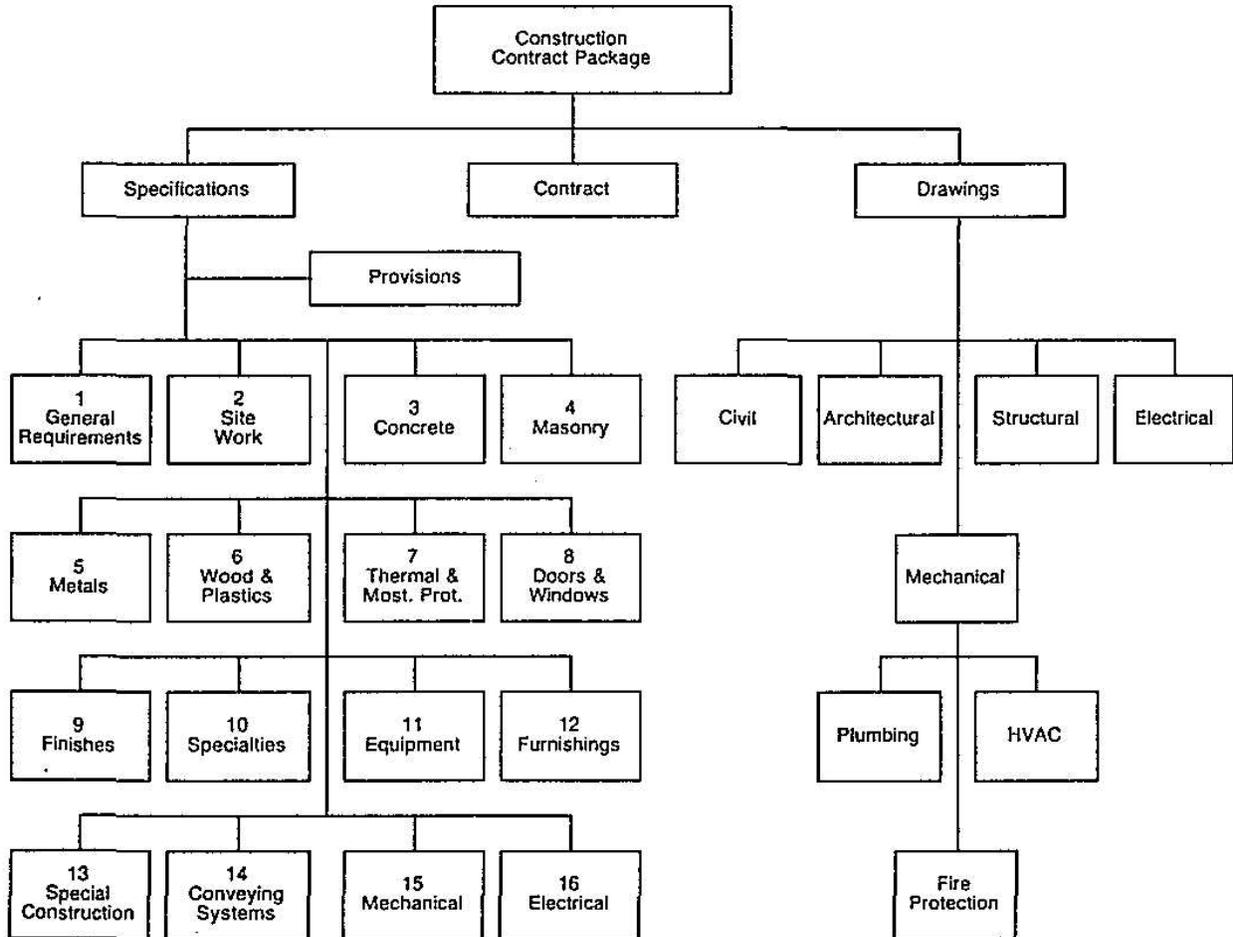
Using one of the above contract styles, a construction contract package is developed encompassing all the contract documents. Figure 1 on the next page from the text Fundamentals of the Construction Process (Bentil, 1985, p. 20) shows the relationship of the major components of the construction contract package.

Standard forms developed by the American Institute of Architects have received universal acceptance for use in preparing the contract portion of the construction package. All club planners surveyed use AIA documents in some form. Most planners use AIA documents exclusively.

“The concept of standard construction forms developed revolution era. Standards were developed so that forward on an acceptable basis” (Holns, 1981, p. 19). These forms helped get

broad standards instituted. However, with their use, problems have developed (Holns, 1981). Two major problems are:

1. System of Enforcement
2. Joint Involvement in Development



Major Components of Construction Contract Package

Figure 1

“The first problem (and it is still present today) was that a contract once executed is ultimately enforceable only through the courts” (Holns, 1981, p. 19). Without agreement throughout the contract, difficulties can arise. Many contracts have arbitration clauses in them that allow for timelier, yet legally binding decisions. Unfortunately, the conflict problem still exists.

The second problem is that the standard forms were “written not by lawyers for each party who mutually work out an acceptable agreement, but by architects.., assisted occasionally by attorney.., and others” (Holns, 1981, p. 19). Research for this project indicated that AIA documents are written to protect the architect/planner wherever possible. In contrast, one club planner wrote that AIA documents “are written somewhat in favor of the owners interests” (Source held confidential). However, based on preliminary research, this does not seem

to be the case.

The standard AIA forms most used are as follows:

- Standard Form of Agreement between Owner and Architect AIA Document 8141
- Standard Form of Agreement between Owner and Contractor (Where basis of payment is stipulated sum) AIA Document A101
- Standard Form of Agreement between Owner and Contractor (Where basis of payment is cost plus a fee with or without a guaranteed maximum) Document A111
- General Conditions of the Contract for Construction Document AIA A201
- Standard Form of Agreement between Owner and Construction Manager Document AIA500

Weakness of Present Forms

Club planners were asked what weakness, if any, did they find using standard form documents. Their responses included:

- They do not sufficiently address completion of the contractor punch list. (Chris, Survey, 1994)
- They are not specific to varying projects. (Ferry-Hayes, Jones, Survey, 1994)
- They are only effective if all parties must use them. (Vincent, HGHB, Survey, 1994)
- Not specific in time, change orders, liquidation damages. (Klages, Carter, Vail, Survey, 1994)
- They are more valuable for large projects. Considerable editing is needed for non - construction projects. (Harmon, Survey, 1994)

Since all of these companies use AIA Forms it is evident that these weaknesses can be worked out through amendment. The general opinion is that “It is always advantageous to use standard form document where possible, as the construction industry is accustomed to their use and most participants are acquainted with their provisions and the principals on which they are founded’ (Klages, Carter, Vail, Survey, 1994). These documents can be amended to specific requirements of a project. With amended standard form documents “only the deviations need to be studied” (Klages, Carter, Vail, Survey, 1994).

Design Build

-
A review of the document development process would not be complete without referencing the concept of design-build. This concept usually surfaces when time becomes an economic factor. Another variation could be called fast tract construction. One club planner defined it “as agreeing on a price before you have determined what you have bought. Then the ‘design builder’ tells you what you can have instead of the other way around”.

Harry Chris did not advise using the design-build process. He says, “Design-build to be successful, takes a very knowledgeable owner in construction and rapid decision making, and an understanding that changes are expensive. Normally clubs do not have this depth of construction experience existing on their boards. They are also not set up for rapid decision making in that any expenditure of money requires board or committee approval and are not understanding of required changes. Design-build works best to save time and provide a guaranteed maximum construction contract but you may not be getting the things you thought you were getting. Therefore, when the members want changes these costs will tend to negate any advantages from a design-build contract” (Survey, 1994)

Other comments from planners included:

- The owner cannot insure he is getting competitive prices. (Ferry-Hayes, Survey, 1994)
- It limits decision making by the owner and protects the contractors margin. (HGHB, Survey, 1994)
- There is a loss of control, a loss of creativity because the project is construction driven. (Klages, Carter, Vail, Survey, 1994)

Marge Talt of the Harmon Group, a large club design firm in Potomac, Maryland, related the story of the TPC Club that used design-build and ended up with a cart storage facility that would not house all the carts. The client was the PGA. She says, “The basic problem is that most clients are not well versed in the specifics of the contract documents to know what they are getting.”

John Malick, a California designer, defined design-build with an anecdote. He wrote, “I’m reminded of a New York cartoon of a man in a restaurant with a sign in the window saying -- All you can eat \$1.00. An angry chef is standing over the meek man saying, and I say, that’s all you can eat.” Not one club planner surveyed believed the design-build process of construction had effective applications in the club industry.

THE ROLE OF THE CLUB, ARCHITECT, PLANNER AND CONTRACTOR IN DOCUMENT DEVELOPMENT

Design Phase

The design phase is the portion of the project when the contract documents are developed for final inclusion into the contract. Harry Chris states, “document development begins with facility review. Alternates are then developed and evaluated. From these alternates schematic drawings are completed. Contract drawings are finalized and specifications are written”.

The Desk Book of Construction Contract Law identifies the design phase as “the critical period in which to prepare a framework which will minimize future project controversies and disputes.

Each party has its own interests to advance and protect: for the owner, the goal is a well-designed and constructed project, suited to its needs and within its budget; the designer aspires to create not only a working project, but also an innovative and/or aesthetically pleasing one; and the contractor, who most frequently is unrepresented in the design phase, hopes for a well—built structure at the lowest possible cost. These interests are not necessarily compatible.” (Holns, 1981, p. 75) This can cause difficulty in the construction process.

It is important to develop a team of professionals that will work well together. “Awareness and compromise are required in all stages of the planning and construction process to unite these competing interests, thereby minimizing construction disputes. Some problems are inevitable, •but careful planning and attention to detail in design and contract drafting should minimize controversy” (Holns, 1981, p. 76).

The January/February 1994 edition of Club Management features an article titled “Building Relationships”. The article stated that “from start to finish communication probably is the single most important part of a construction project. By reexamining the relationships that go into a successful project and by structuring your club’s project properly you’ll save yourself and your board aggravation, and get the club the most construction for its money...” (Sanger, p. 96).

Many planners felt that developing a team in the design process that included the general contractor, could be beneficial. Others did not concur, as it affected the normal bid process. These planners used construction estimators in place of the contractor. However, Byron Farrel, President of the Association of General Contractors, stated in the same article that, “When the team is selected before pencil is ever put to paper... build-ability issues receive open and frank discussion” (p. 96). To understand this issue more clearly it is necessary to examine the roles of each principal.

Role of the Club in the Design Phase

All club planners surveyed stated that they prepared the complete contract document package. The survey then asked them to identify, if any, the role of the owner. Harry Chris stated that “The owner and his representative should be actively involved in the development of the documents” (Survey, 1994). Other answers indicated that the owner should: add objectives; give operational criteria input; establish program elements; and be involved in up—front programming.

Matthew Guzik was involved in the construction of Desert Mountain in Scottsdale, Arizona. In the CMAA Summer Supplement 1990 article “Beautiful Club, But Does it Work?” Guzik identifies the role of the club with this statement, “I had to make sure that the clubhouse worked for me and my staff. I had to make it serve the members...” (p. 7).

It is obvious that an owner should clearly convey all of the aesthetic and performance standards which are desired for a project.. (Holns, 1981). The time to insure that convenience occurs is during the design phase.

In the 1990 Club Management article “Making the Pieces Fit”, the term “Futuristic Visualization” was introduced. This is the concept of visualizing a newly designed and finished space in operation. Consider all the possible functions that can occur in that space. Identify through the plans and specifications, during the document development phase, all the possible uses of the space to insure that all details are included that are necessary to deliver member satisfaction. Club management can have a major impact on a project in these areas.

In many cases club boards and building committees hire architects and planners for their professional expertise. Often the participation of the club, through its management team, is stifled. James N. Walter, a construction arbitrator for the American Arbitration stated, “The club better not sit back and assume the experts will always deliver function. Don’t ignore your own experiences, no matter what expertise is brought to the table by the club planner.” He goes on to state that “During the formulation of the documents, challenge all participants to be visionary” (Walter, Personal Communication, 1994).

Many club planners understand the importance of meeting individual club needs. HGHB states “Although it doesn’t often happen, it can be extremely valuable if the club takes to heart the task of review of the contract documents...” Harry Chris adds that the owner should review a check set of drawings periodically through the drawing development stage. This insures the drawings represent the clubs specific needs (Survey, 1994).

When the planners were specifically asked what the role of the club manager should be, there was a distinct difference of opinion. S. Vic Jones and Harry Chris state that the management should have an active role in the document review. Ferry Hayes stated management should make a general review but they did not expect an extensive in—depth review. More than one club planner stated that usually documents are too technical for club management to review. It was their opinion that club management should review the schematic designs and color boards.

Marge Talt responded to the role of club management in the document review process with a response to club boards. She stated, “The role of club management will depend a great deal on the attitude of the club’s board of directors. If they are enlightened and view management as a vital element of the team, the review and comment by management will be considered important and taken seriously. If, on the other hand, they feel that the members know more about their club than management, they are likely to lose valuable input and management’s role will be reduced or nonexistent”.

Role of the Designer

Since the designer normally prepares the complete set of contract documents, it is critically

important that the designer have the expertise necessary to deliver the expected result. There is extensive case law to support the fact that “By accepting the work for a design job, a designer in effect represents that he has sufficient skill and training to carry out a suitable design for the project” (Holns, 1981, p. 78). There is supportive evidence that the priority of a designer can occasionally come in conflict with the priority of the club. Both the designer and the club want the appropriate aesthetics. The club needs function. Aesthetics can come in conflict with function. Often aesthetics becomes a priority over function and the club is the loser. One club planner stated that checking references and prior job performance is the best insurance an owner can buy for free.

The traditional club planner/designer serves three different roles. They are 1) independent contractor in preparing the design, 2) agent of the owner in performing inspection services, and 3) independent arbitrator for disputes (Holns, 1981). The lines between the three roles are easily and frequently blurred and the owner may determine that the burden is too great (Holns, 1981). In such cases the club may choose to hire a contract administrator to handle administration, inspection and deal with contract issues. For more information on the designer’s interface among plans, specifications and results see Appendix 5.0.

Role of the Contractor

For the contractor to have a major role in document development from the outset, he must be included as part of the design team. As stated, club planners have differences of opinion on this subject. Obviously, the purpose of having the contractor on board is to insure the best product within budgeted goals. One supposed benefit of this mode of design -- with the principals, designer, club and contractor working together to deliver a project during the document development stage -- is value engineering.

The “contractor input into the design is often limited and frequently nonexistent” (Holns, 1981, p. 79). “When the owner wishes to proceed with a known contractor... it is a simple matter to negotiate the contract method” (O’Leary, 1992, p. 9). A negotiated contract allows the designer and club to consult with the contractor during the design phase (O’Leary, 1992). Clubs are reluctant to proceed with only a contractor because of the apparent lack of competition. Actually competition would not be completely lacking as the selected contractor would obtain competitive bids from the numerous subcontractors... A negotiated contract is advisable only when the owner has complete trust and confidence in the competence and integrity of the contractor” (O’Leary, 1992, p. 9).

The club planners had a variety of opinions when it came to value engineering. Not one planner suggested the negotiated contract form. All planners advised the pure bid system. Most planners use construction estimators to fill the role of the contractor in document development. Malick states that “when a contractor has a negotiated contract... costs increase 15% over a construction bid process. The early value engineering does not make up the difference” (Survey, 1994).

Other planners comments include:

- It is often an avenue to reducing costs with inferior products. (Chris, Survey, 1994)
- It culminates with deletion of items you want to keep. (Vincent, Survey, 1994)
- It can end in a workable solution but one which is less than the club has grown to love. (Vincent, Survey, 1994)
- After bids are in and before the contract is signed, negotiations (value engineering) will take place. (Klages, Carter, Vail, Survey, 1994)

Jeff Banett of Ferry Hayes, identifies value engineering as budget review. He believes this begins at the onset and continues through the document development stage, through the signing of the construction contract and during construction as interpretation on the plans and specifications occur. It appears preferential to use the term budget review rather than value engineering as this concept is a priority with all planners (Survey, 1994).

The role of the architect, owner and contractor in document development is placed in a legal framework in Figure 2. This representation of the traditional structure was borrowed from the text Construction Administration in Architectural Practice (O'Leary, 1992, p. 7). The figure brings into focus the contractual structure developed with the standard AIA Form Document. The figure does not address the source and flow of information that develops function.

Hiring Member Architects and Contractors

It was the majority opinion of the planners that member contractors should not be used if possible. In the CMAA Building Relationships article, Byron Farrell, President of the Association of General Contractors, stated that "A member with credentials to do the work is always a good bet (Sanger, 1994, p. 99). In the same article Frank Vain, president of the McMahon Group held a different opinion. He stated, 'It's very difficult to control a construction project when members also are contractors. Managers policing members creates some touchy situations' (p. 99). This opinion supports the club planners that responded to the survey.

S. Vic Jones addressed the member architect contractor issue this way: "We have observed these problems in many club situations over the years and seldom (if ever) see a totally positive outcome. Regardless of how well a project is planned and designed (even a small one), it is practically impossible to please everyone on the board or the house committee, much less every member of the club. Because of the membership and emotional issues involved, "win-win" completions are very difficult. After such a project is completed, the contractor often has a different (sometimes separated) perception of his club. Many times bad feelings and resentments can linger for years, even though the contractor (or architects) is not at fault" (Survey, 1994).

To sum up the issue, Ferry Hayes responded, "Member contractors are not a problem for us. They are usually a political problem for the club".

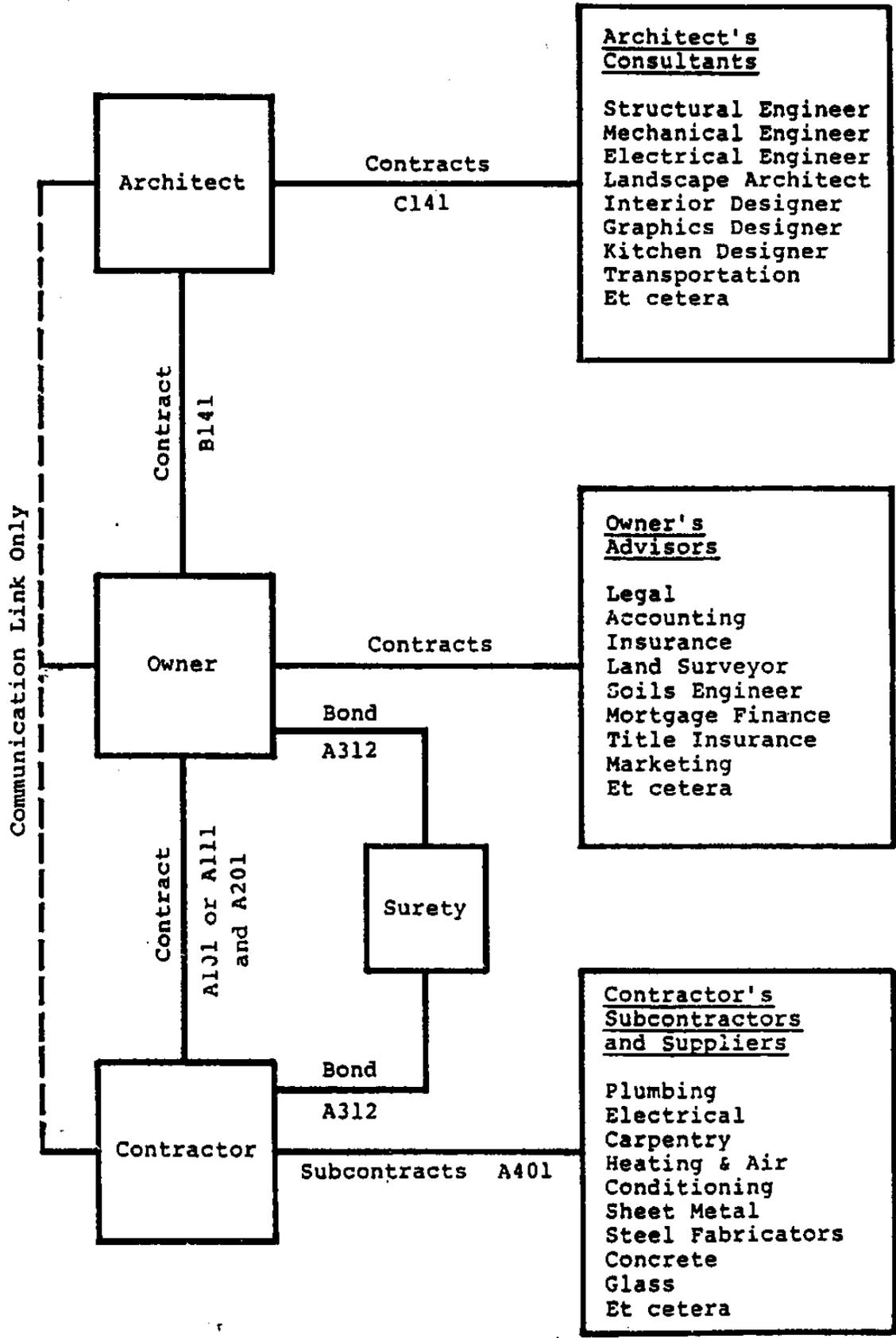


Fig. 1.1 Contractual relationships In the conventional construction contract using AIA form documents. The boxes represent the various entitles involved in a typical building project. The solid lines connecting the boxes represent agreements between the entitles, generally in the form, or written contracts. (Note that the numbers of the appropriate AIA documents are shown.) The dashed line represents a communications link only. The solid tine connecting Owner and Contractor Is the *construction contract*, comprised or the contract documents. This is the contract which will be administered in the owners behalf by the architect.

CRITICAL ISSUES IN DOCUMENT DEVELOPMENT

Several issues are critical to proper document development. It is appropriate, in order to insure a successful project, to be aware of several of these key issues. For the purpose of the monograph, the following items require discussion:

- Document Review Timetable
- Change Orders
- Pre-Construction Job Site Conference
- Construction Schedules
- Specification Review
- Reallocation of Risk

Document Review Timetable

Club planners were asked how much time should be allowed, after the documents are completed, for an adequate review prior to the execution of the contract. The process should actually be part of a sequenced schedule of document development. Each step in the process should be listed with an area for proposed and actual completion dates. As part of this schedule, adequate time should be included for review.

Harry Chris noted a major problem. He states, “In the case of club work, most owners are always anxious to get the bid and get the price so adequate review time is not normally provided”. It is not uncommon for clubs to develop a program schedule that allows for design, financing and membership authorization with a specific window to begin construction. Normally this window is established with an eye of a specific completion date that best maximizes revenue opportunities. When too much time is used up in the early stages, proper document review time is compromised.

Club planners suggested that between one and four weeks would be required. This is assuring different levels of review during the development process. One developer said the process is ongoing. Some planners felt the documents could be put out to bid when they are simultaneously

reviewed by the owner. Changes that are required may be set to the bidding contractors by addendum. Whatever the system, it seems prudent that a complete review should be made by the club management and any other club representatives and a minimum of two weeks be allotted to complete the process.

Change Orders

The contract should have an appropriate system to handle change orders. Byron Farrell of the Associated General Contractors states, Once a price is set, the owner notices things he'd like to alter about the plans, or unexpected site conditions are discovered, and the •fighting over change orders has just begun" (Sanger, 1994, p. 96).

To insure a proper change order system it is necessary to establish in the contract a proper system of communication. The architect, as administrator of the construction contract, controls communication between the owner and contractor. All parties should respect the proper communication procedures. This will facilitate systematic administration and avoid confusion and unexpected liability consequences (O'Leary, 1992, p. 6). Although the administrator is not the one that authorizes changes, this responsibility is the club's Paragraph 12.5.1 of AIA Document A201 authorizes the designer to approve changes which are not intended to affect the contract price or completion date (Holns, 1981, p. 82). Changes that affect price or completion date should be controlled by the owner or his representative only. Building committees should be made aware of all changes and be in the authorization process to insure budget integrity.

Regarding changes, John Malick stated, It typically costs \$2,000 to process a change order. If savings are less than this for budget reduction purposes, we recommend no changes. This is where proper document review can save money. Budget reduction issues after the fact are substantially less effective.

Preconstruction Job Site Conference

Arthur O'Leary in his book Construction Administration in Architectural Practice, 1992 calls the preconstruction job site conference a communication tool. He states that the best time for this meeting is after the contract is signed... but before the owner has authorized the construction to proceed' (p. 20). He lists 24 items appropriate for discussion at a job site conference. They are as follows:

1. Errors, inconsistencies, or omissions in the contract documents which have been discovered by the contractor
2. Contractor's use of the site
3. Security provisions
4. Noise and dust control
5. Contractor's use of owner's water, power, telephone and toilet facilities
6. Hours of operation

7. Contractor to receive property data from owner
 8. Architects explanation of dimensioning system
 9. Contract documents
 10. Architect's explanation of design intent
 11. Specification substitutions
 12. Ordering long lead items
 13. Progress schedule
 14. Submittal schedule
 15. Shop drawings, samples, and product data
 16. Weather delays
 17. Job site record keeping
 18. Communications
 19. Architect's job visits
 20. Construction methods
-
21. Safety procedures
 22. Contractor's payment requests
 23. Testing and inspections
 24. Notice to proceed (p. 20-21)

Club construction, whether it is a new building or club renovation, usually includes some continuance of service to the members during the construction period. It would seem appropriate that many of these issues listed by O'Leary become subjects of the document review process prior to signing of the contract. Parameters of acceptable construction practices could be established between the owner (club) and the architect/planner prior to the bidding process. Specific club demands would be better understood by the bidders and costs associated with those demands could be included in the original bid. Such a conference is called a Pre-Bid Conference. James N. Walter states that "in the Pre—Bid Conference it is important not to editorialize to much as that could condition the final documents in a way unintended by the owner or documents themselves" (Walter, Personal Communication, 1994). The owner and architect should be selective regarding topics of discussion at Pre-Bid Conferences.

Construction Schedules

"Provisions for the sequence of construction as well as submittal of schedules, 'C.P.M.' (Critical Path Method) diagrams... may be set forth in the contract documents" (Holns, 1981, p. 81). This can be important to a club in insuring the desired completion date. Be sure to insist on proper time contingencies to meet the expected date. Where the owner-issued schedule is used by the contractor, the owner will normally be liable to the contractor for his damages as the result of errors or revisions in the schedule. Consequently, the owner should generally require the contractor to issue the schedule and adhere to it (Hams, 1981, p. 81).

The club should also be aware of the concept of front-end loading. This is the concept of stacking the schedule with a disproportionate share of the costs early in the project. The contractor obtains cash in the early stages of the project to help his financing requirements (Holns, 1981). The club should make sure that the architect/planner has reviewed this issue to reduce front-end loading.

Specification Review

Kweku K. Bentil in his text Fundamentals of the Construction Process, 1989 states, “Specifications, or ‘specs’ enable a contractor to clearly understand the concept of the architect/engineer. These documents define the quality of the materials, products, and workmanship required in the construction contract” (p. 21). It is a top priority that the club read and understand the specifications so that the club can develop a better understanding of the project.

Bentil goes on to say that the specifications are critical because “whenever there is a difference of conflict between the drawings and specifications of a project, the specifications always take precedence” (p. 21). The club planners were asked how they review the specifications to insure they represented the design and that there were no grey areas in the interpretation. There was a general consensus on two issues. First, many planners have master or partial specs already written that are club specific. Second, it is important to develop the specs as the design progresses. Design peculiarities are identified and written into specs.

Several planners addressed the question of misinterpretation of drawings and specs by stating that there are no perfect drawings and specs. What is helpful according to the planners is:

- Extensive notification on drawings
- Concentration on being specific
- Take extensive notes during bidder conferences

The most important asset the planner has is years of exposure to the club industry.

No matter what experience is brought to the project by the planner, it seems appropriate to systematically review the specifications. Using futuristic visualization, while simultaneously reviewing the drawings and specifications, can help to identify problems early, give club representatives a valued insight into the project and help to insure issues regarding functions are addressed.

Risk Reallocation

Information regarding risk and liability in construction is plentiful and fills volumes of contract law books. It is impossible to, even in limited terms, discuss many aspects of risk. However, it is appropriate to briefly touch on the issue as it is an important part of construction projects.

Holns effectively explains the idea of reconciling competing interests throughout the project as trading time-consuming and expensive claims or litigation for compromise and accommodation. In reviewing AIA documents there is much written cautioning the architect about risk and insulating themselves from liability. There has even been a shift of philosophy with many architects regarding contract administration and a movement away from offering such services (O'Leary, 1992, Appendix 6.0).

The club planners were asked how they address reallocation of risk so that a fair contract is developed. The planner's answers were quite diverse on this matter. Since the specific risk was not identified, their answers varied from:

- All risk is the contractors'
- Risk should be assigned to the one who benefits, that being the owner
- AIA Documents handle the legal issues of risk

One club planner stated that the owner is paying for the risk whether the cost is recognized or hidden in general overhead. Ferry/Hayes answered the question by offering the following, "we want to insure a fair arrangement is developed".

Volumes have been written on risk in the construction industry. Walters states, "Construction is an industry of risk. The industry is full of professionals reading the exact same information and coming to totally different conclusions. Each reader is attempting to read into the documents their own point of view in responsibility and risk." (Walter, Personal Communication, 1994)

It is most important that the club have an expert review the contract for unusual risk issues. A review of the AIA B141 document (Appendix 7) will show the emphasis the architectural community places on risk. In their explanations of the document, they even have liability alerts. More information on architects responsibilities and basic services can be found in AIA Document 8511-1990 -Guide for Amendments to AIA Document 8141 (Appendix 7).

SUMMARY AND PROJECT CHECKLIST

The document development process is a complex and important part of club construction and renovation projects. It may be the most important aspect of insuring program elements are accomplished on budget and with the degree of satisfaction expected by the membership.

To insure that this process is accomplished efficiently, it is appropriate to organize the thought process so that all issues are addressed. The architectural and construction community has developed many checklists and forms to insure this task is accomplished in a timely and comprehensive basis. Certain checklists have application for use by the club. It is appropriate to review and understand key documents used by most architect planners. One such document is

the pre-agreement checklist developed by the American Institute of Architects (AIA) (Appendix 8.0).

The pre-agreement checklist is used by the architect to determine if the job is appropriate for that architect. It also assesses risk, points to problem areas and sets compensation (Appendix 8.0).

Another document is AIA Document D200 called the project checklist. This document is divided into a variety of sections. One such section is called “Contract Documents” and is included in Appendix 9.0. The checklist includes 46 items subdivided into three sections. They are:

- Part A - Ongoing or periodic tasks accomplished throughout this phase.
- Part B - Tasks prior to start of construction document phase.
- Part C - Tasks to be done during construction document phase.

Included in the 46 checklist items are 22 items requiring owner participation. Three items (102., 128., 140) discuss the owners’ review of the documents. Specifically they call for review of general conditions, supplementary conditions and building criteria (128.), and drawings, project manual, and construction cost estimates (140.).

If club officials and management are totally familiar with these forms they can better understand the complexities involved so that informed decisions can be made. Reviewing and understanding forms is a time consuming process. Occasionally clubs require outside assistance. “If the club does not have the appropriate expertise be careful not to represent that you do. It may be valuable to have someone to fill the responsibility for the owner in the review process” (Walter, Personal Communication, 1994).

These documents prove that the architectural community understands the need of document review by the owner. It is in the club’s best interests that the review be an informed review.

Checklist for Clubs

The concept of checklists is used throughout the construction industry. A checklist is an ideal format to summarize key issues addressed in this monograph. Club officials and management should review the 20 questions identified in Figures 3 & 4 (pages 40—42) with special emphasis being placed on any question that has been answered no. A no answer should be flagged for further discussion. A no answer to a question does not mean the club should change its direction on the issue. A no answer means the issue should be further reviewed to insure that there are no negative consequences present.

The pre—document development checklist addresses issues prior to document development. Club officials and management may consider expanding this list of questions early in the planning stages. A checklist could be prepared by club boards and management to address

program elements, membership presentation issues or financial concerns as a way to organize the development of the project.

The document development and review checklist addresses issues during document development. This list can also be expanded to include other concerns of club management of the board and building committee.

FIGURE 3

Pre-document Development

	YES	NO
1. Does the architect designer have club construction experience?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the club developed clear concise objectives and program elements?	<input type="checkbox"/>	<input type="checkbox"/>
3. Does the club have a respect for management's ability to provide advice on elements of function?	<input type="checkbox"/>	<input type="checkbox"/>
4. Will AIA standard forms be used?	<input type="checkbox"/>	<input type="checkbox"/>
5. Does the club representatives understand the intricacies of these forms?	<input type="checkbox"/>	<input type="checkbox"/>
6. Has the club determined not to consider a negotiated contract or the design build process?	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the architect or lead designer a non-member?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the general contractor a non-member?	<input type="checkbox"/>	<input type="checkbox"/>

FIGURE 4

Document Development and Review

	YES	NO
9. Is the club comfortable with the timetable for document development and review?	<input type="checkbox"/>	<input type="checkbox"/>
10. Is club management actively participating in the document review regarding issues of function?	<input type="checkbox"/>	<input type="checkbox"/>
11. Are the function requirements being blended with the aesthetic aspects of the project?	<input type="checkbox"/>	<input type="checkbox"/>
	YES	NO
12. When aesthetics and function are in conflict is function taking precedence?	<input type="checkbox"/>	<input type="checkbox"/>
13. Is value engineering or budget review an ongoing part of the development process?	<input type="checkbox"/>	<input type="checkbox"/>
14. Is there going to be a pre-construction job site conference with the final bidders prior to completion of the documents?	<input type="checkbox"/>	<input type="checkbox"/>
15. Has the club representatives and management been reviewing the plans, specifications and other documents during the development stage?	<input type="checkbox"/>	<input type="checkbox"/>
16. Has at least two weeks been allowed for final review of the documents by the club?	<input type="checkbox"/>	<input type="checkbox"/>
17. Has an in-depth review of the specifications where applicable been completed to insure there is an accurate relationship to the drawings and more specifically, elements of function?	<input type="checkbox"/>	<input type="checkbox"/>

18. Has the club used futuristic visualization to insure all functional elements have been included?
19. Has the club attorney reviewed the contracts?
20. Is the club comfortable with the fair division of risk and protection to all parties?

REFERENCES

1. AIA Document B141. (1990, Edition). American Institute of Architecture. Washington, D.C.: AIA.
2. Amendments to AIA Document B141. (1990 Edition). American Institute of Architecture. Washington, D.C.: AIA
3. Bennett, John. (1985). Construction Project Management. London, Boston: Butterworths.
4. Benti, Kweku K. (1989). Fundamentals of the Construction Process. Kingston, MA.: R. S. Means Company Inc.
5. Guzik, Matthew. (1990). Beautiful Club, But Does It Work?. CMAA Summer Supplement, page 7 & 8.
6. Holns, H. Murray PE; Callahan, Michael T., J.D., LL.M; Dolan, James V., LL.B with Bramble, Barry B., J.D.; & Wulfsberg, H. James, J.D. with McNabb, Sandra J., J.D. (1981). Deskbook of Construction Contract Law -- with Forms. Englewood Cliffs, New Jersey: Prentice Hall.
7. Making the Pieces Fit. (1990, November). Club Management, page 32-40.
8. Master Planning with a Purpose.(1985). Irving, TX: Chris Consultants, Inc.
9. O'Leary, Arthur F. (1992). Construction Administration in Architectural Practice. New York, NY: McGraw Hill Inc.
10. Poage, Waller S. AIA, CSI, CCS. (1990). The Building Professionals Guide to Contract Documents. Kingston, MA: R. S. Means Company, Inc.

11. Pre-Agreement Checklist. (1990 Edition). American Institute of Architecture. Washington, D.C.: AIA
12. Project Checklist AIA Document D200. (1992 Edition).
13. Sangbu, John. (1994, January/February). Building Relationships. Club Management, page 96-100.
14. Surviving a Clubhouse Renovation. (1992, July/August). Club Management, page 46—53.

APPENDICES

- 1.0 Survey Form: Club Planners Contract Document Questionnaire
- 2.0 Survey Respondents
- 3.0 Component of Contract Documents
- 4.0 Description of Types of Contracts
- 5.0 Designers Interface
- 6.0 Architects Role in Contract Administration
- 7.0 Partial Inclusion Annotated B141
- 8.0 Pre-agreement Checklist
- 9.0 Project Checklist