

# CONSTRUCTION MANAGEMENT



# Outline

- Acceptance of work
- Gurantee period
- Contract time
- Liquidated damages for delay
- Cleanup
- The Punch List

# Acceptance of work

- Acceptance of the work and final payment to the contractor must proceed in accordance with the terms of the construction contract documents. Although the methods may vary somewhat from job to job basically they all begin with a request from the contractor to make a final inspection of the work.

## Acceptance of work

- Generally there may be at least two inspections required to close out the project. The first will establish those areas still requiring correction or other remedial work, and the final inspection will be a checkoff to assure that all work is substantially complete and that all corrections have been made.

## Acceptance of work

- The checkoff list or Punch List as it is normally called, is a detailed list made near the end of the project, showing all items still requiring completion or correction before the work can be accepted and a Certificate of Completion issued. Before acceptance, all workmanship must meet specified standards, all work must be installed and complete, and all equipment must be tested and operational.

# Acceptance of work

- In some cases it is possible to accept a project as being “substantially complete” if only minor items remain to be finished. This simply means that the project is close enough to being completed that it can be put to use it was intended, and that all remaining incomplete work is comprised of relatively minor items that the contractor agrees to correct while the building is occupied.

## Guarantee period

- Generally, the work covered in a construction contract includes a stated guarantee period, which is frequently one or two years. In some cases, the overall project may be guaranteed for only one year, although certain portions of the work may be covered by supplementary guarantees for longer periods.

## Guarantee period

- Although some contracts call for 100 percent of the performance bond to be continued in force during the entire guarantee period, many contracts allow for a reduced portion of performance bond to cover any defects noted during the guarantee period.

## Guarantee period

- After all, if the project is 100 percent complete, there is little reason to believe that it will all fail. Thus, many such bonds are reduced to 10 percent or some other reduced percentage of the performance bond during the guarantee period.

## Contract time

- When computing contract time, particular attention should be paid to the contract wording – is it “calendar days” or “working days”? The easiest time to compute is calendar days, as this method includes all days, including Saturdays, Sundays and holidays. Normally, construction time is computed from the date on the written Notice to Proceed given to the contractor at the beginning of the job.

## Liquidated damages for delay

- On many projects, where time is the essence of the construction, the owner and the contractor agree under the contract terms that if the contractor fails to complete the project by the stipulated date, it is financially liable to the owner for a preagreed sum of each day beyond the specified completion date that it takes the contractor to finish the work.

## Liquidated damages for delay

- This amount of money represents the financial losses to the owner for such delays, and because it is difficult to determine the real values of the owner's losses, the preagreed sum is used in lieu of a determination of the actual actual damages suffered.

## Liquidated damages for delay

- This assessment is referred to as Liquidated Damages, and it is common practice throughout the construction industry to require that the contractor pay the owner this fixed sum of money for each calendar day that it exceeds the specified date of completion.

# Cleanup

- The constructor is obligated to clean up the construction site thoroughly at the end of the job before the work can be accepted. The final clean up is of significantly greater proportions than previous clean up work during the progress of the work, as all of the various items of demobilization rightfully are included under the clean up category.

# Cleanup

- This includes removal of temporary utilities, haul roads, temporary fences, field offices, detours, stockpiles, surplus materials, scrap, replacement of landscaping where it had been temporarily removed, street cleaning.

# The Punch List

- Theoritically, if every trade performed its work in strict compliance with the contract requirements and the best of craftsmanship, what is known as a **Punchlist** might never have come to exist.