



# Office Building

Washington, D.C

Katey Andaloro  
Construction Management

Final Report

Dr. John Messner

April 7, 2009

## Client Information

The owner of this project is a major commercial real estate developer who acquires, develops, and manages first class office buildings in North America and Europe. Their portfolio consists primarily of high quality, central business district and suburban office buildings with the majority of the properties characterized as Class A offices. The owner's primary goal in starting this three building development project was to continue establishing their presence in Washington, D.C.'s real estate market. However, currently, the owner's goal has changed to completing the final building and selling to make a profit. Thus the operation of the building is usually contracted to the tenant.

The owner had a number of goals and expectations that they sought to achieve on the project.

**Table 1: Owner Goals for Project**

<b>Tenant</b>	Though none have yet to be named as of current, the owner is seeking to sell the building to either a government or private sector tenant.
<b>Cost</b>	The owner is extremely determined to finish the project within budget.
<b>Quality</b>	The building is a Class A office building. The owner wants high quality finishes and a first class commercial environment.
<b>Schedule</b>	Schedule is important and the contractor must meet the substantial completion date of April 2009.
<b>Safety</b>	Above all, the project must achieve the above objectives with a superb safety record and no accidents resulting in lost time or injury.

If the project team is able to successfully meet these objectives by providing a high quality end product within budget with a minimal number of change orders and on time, the owner will be a satisfied client. A sequencing issue of particular importance to the owner is enclosing the building prior to installing drywall and other finishes so that there is no risk of mold or sick-building syndrome.



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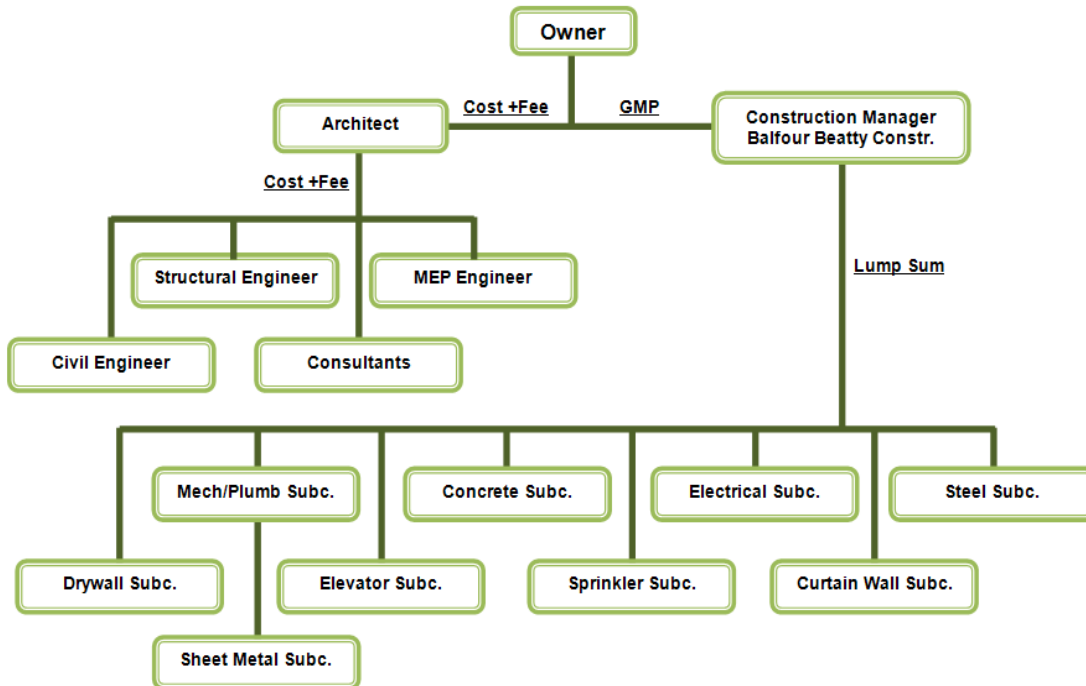
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## Project Delivery System



The project delivery method for this building is design-bid-build. First the owner hires design professionals to prepare a complete set of contract documents, which includes plans and specifications, for a set price. Once the project plans and specifications are complete and given to the owner, he/she pays the designers a fixed price. Then the owner will hire a Construction Manager (CM). Balfour Beatty Construction (BBC) was hired by the owner to manage the project. The owner negotiated, the contract with BBC, and they agreed on a Guaranteed Max Price (GMP) type of contract. However, the owner only has a contract with BBC, thus BBC must manage all of the subcontractor's contracts.

Once BBC was awarded the project, they had to hire every subcontractor for every trade. BBC bid the project, and a different contractor was selected for every trade, each being the lowest bidder. BBC then negotiated a lump sum contract with every subcontractor. The cost of the work for every trade was set before any work began. Moreover, every subcontractor needed insurance and bonds before starting any activity.

If an owner is not very experienced with the construction process or wishes to allocate construction responsibilities and risks to others, then the preferred delivery method would be design-bid-build. In this method the CM and designers acquire all the responsibilities and risks.

Also, designers and subcontractors who utilize this delivery method prefer contracts to be lump sum contracts. A lump sum contract will motivate the CM to do a better job, because if they complete the project for less than the contract amount, then they get to keep the money that was saved.



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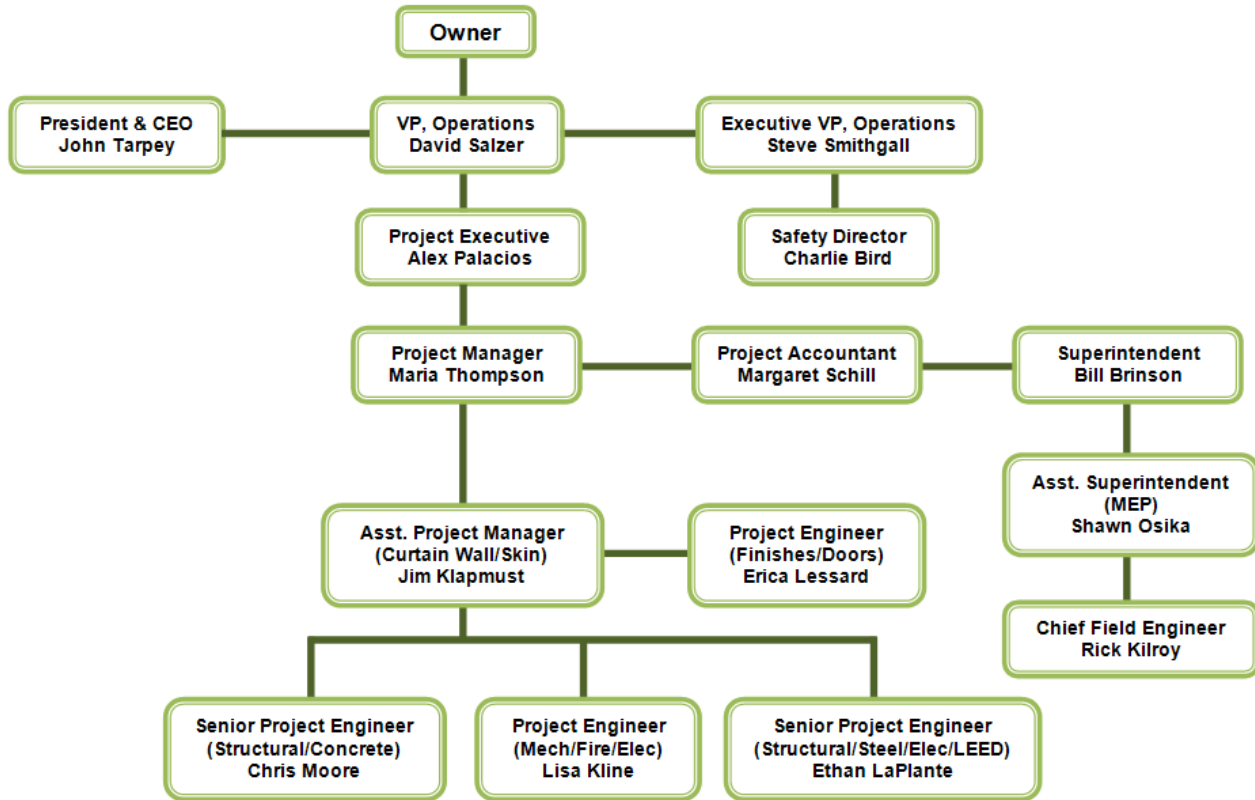
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## Staffing Plan



The construction management staffing plan of the office building, as outlined in the organizational chart below, involves several hierarchical relationships. First the Vice President of Operations acts as the “middle man” between the company executives and the Owner. The Project Manager and Superintendent each have important management roles and report directly to the Project Executive, who in turn reports to the Vice President of Operations over him. The Assistant Project Manager reports to the Project manager, and also helps to oversee the Senior Project Engineer and the Project Engineering positions. The responsibilities of the major trades of the project are divided amongst the five sub-positions of the Project Manager. The Superintendent is also assigned an Assistant Superintendent who oversees the Chief Field Engineer of the project. The accountant is also on site to perform and maintain all bookkeeping, pay subcontractors, and ensure that money is being spent correctly.