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The Case for an Owner's Representative



Richard Reizen

Construction

The Need for Owners to React in Real Time to Project Changes Caused by Supply Chain Interruptions, Skyrocketing Material Increases and Labor Shortages

A construction project is a marathon and not a sprint. Rushing through the project without preparation and a plan for the long game, will ultimately lead to errors, cost overruns and delays. For that reason, we counsel our clients about the importance of assembling the right team for success, engaging in active project management, and planning for and knowing how to adapt to project pitfalls.

Both anecdotal evidence and industry studies have confirmed, there is usually a positive financial return realized in cost and time savings from assembling the correct project team and engaging in early project planning.

The need to make such an investment is even more critical in the current construction climate of unprecedented supply chain interruptions, rising material costs and labor shortages. In this new normal, owners are often compelled to make real time decisions of how to proceed when the selected materials are unavailable, substantially delayed or prohibitively expensive. They also need to implement those decisions with a contractor who may be working with a depleted workforce. Accordingly, any additional support and advice available to the owner can help place them in the best position possible.

While we have previously addressed the need for pre-construction planning, this update will focus on the benefits of engaging an owner's representative during the construction process.

The Role of the Owner's Representative

For projects where the owner does not have an internal construction department, the professional skills, or time to manage the owner's role, an owner's representative can assume that role. Simply put, the owner's representative is the eyes, ears and voice of the owner on the project to ensure the owner's interests are protected at all times. The owner's representative monitors, rather than manages the job, and the responsibilities should be well detailed in the agreement between the parties. The general responsibilities can include assisting the owner in selecting a project team, managing the bidding process, reviewing scope documents, reviewing project costs, monitoring schedules, and assisting with close-out and general advice to the Owner throughout the project.

Services the Owner's Representative Can Provide to the Owner

As with any party providing services to the owner on a construction project, detailing the scope and roles of each party involved is key. Likewise, the contract between the owner and the owner's representative should contain a very specific listing of all services that the owner's representative will perform as well as those which are excluded. Below is a sample of some ways in which the owner's representative can assist the owner.

Project Team Assembly and Administration

At the onset of the project, the owner's representative can make recommendations of architects and general contractors for the owner to consider, assist in the interview process by asking questions an owner might not contemplate, review competing bids to

make sure the owner is comparing to apples-to-apples, provide insight on past experiences with the team and their reputations, suggest specific team members from the architect or contractor who should be requested, prepare a directory with the contact information for all team members, and even assist in setting initial milestones and preliminary scheduling.

Pre-Construction Planning

The owner's representative, through their vast knowledge and construction-related expertise, can also identify potential issues for the owner which will be faced in the project, including but not limited to, anticipated material shortages or pricing escalations, so that these issues and other problems can be adequately discussed and planned for early in the process to avoid further disruption down the road.

Review of Design Drawings

During the design process, an owner can rely on the owner's representative to convey to the architect the owner's general design goals. Likewise, they can help explain the drawings to the owner and point out features as the drawings are generated. The owner's representative can also evaluate design alternatives or value engineering concepts as they are suggested during the process and assist the owner with analyzing corresponding cost impacts to the overall budget. Finally, the owner's representative can assist with attending public meetings on behalf of the owner as governmental and HOA approvals are sought.

Monitoring of RFI Responses

While the owner's representative will not generally have responsibility for reviewing RFIs on the project, they can monitor them to make sure they are timely and adequate and the owner's representative can bring any significant ones to the attention of the owner. Smooth lines of communications lead to fewer delays in responding to such requests and help to keep the project on schedule.

Active Project Participation

Typically, owners have full time obligations outside of managing the construction project on a day-to-day basis. An owner's representative has the bandwidth to monitor various areas of the project itself to ensure that deadlines are being met, information is being relayed to the owners, and the overall project is being built in accordance with the applicable specifications. This active participation also includes attendance at OAC meetings on the owner's behalf. Again, this provides real-time input, on behalf of the owner, to issues being discussed to ensure appropriate owner involvement and even documentation of correspondence through meeting minutes if questions arise in the future regarding decisions made in such meetings. Similarly, the owner's representative can make sure certificates of insurance are being collected from the GC and all of its subcontractors.

Adherence to Construction Schedule

In the event an owner does not have the time, or the requisite knowledge, to properly review construction schedules or corresponding delays, an owner's representative can step in to ensure deadlines are being met. An owner's representative can monitor personnel on a regular basis, foresee future scheduling bottlenecks or labor conflicts on the project and actively work with trades to suggest solutions to either minimize such delays or offset future delays.

Budget Issues

Keeping a project on budget can be a time consuming and difficult process. An owner's representative will continually monitor budgets and review costs as they are submitted all in conjunction with the overall project budget. Additionally, having an individual who continually tracks schedules and promptly responds to construction inquiries in turn reduces the possibility of delays which, almost always, increase project costs.

Disputed Issues During Construction

In addition, an owner's representative can act as an intermediary between ownership and project personnel. This can be especially helpful when disputes arise or difficult topics need to be addressed with the team depending on the owner's comfort level and

experience with such issues. The owner's representative can also work with the owner to suggest possible solutions to promptly resolve any further disruption.

Project Close-Out

Last, but certainly not least, is having someone who can assist with effectively wrapping up the project and get the owner across the finish line. Project close-out involves ensuring the project has been completed in accordance with the contract documents, preparing and ensuring compliance with punch lists, ensuring all costs are proper and paid and ensuring the owner has the proper paperwork (i.e. warranties, manuals, drawings, etc.) The ongoing involvement of the owner's representative can help facilitate the coordination of all necessary documentation throughout the project so that it can be easily assembled when the time comes and help ensure the owner has the necessary paperwork and training it needs to use the project and related components.

Though an owner's representative adds to project costs (they may be partially or fully recouped in project savings) and may not be necessary on every construction project, especially smaller, narrow scope projects, it is an important consideration for an owner given the recent rise in supply chain interruptions, material and labor shortages and pricing escalations. An owner's representative can act as a liaison between the personnel and the owner keeping a close eye on each and every aspect of the project in order to keep your project on budget and on schedule. In today's climate, that can be the difference between success and failure.

For more information about owner's representatives and their impact on your projects, contact a member of Gould & Ratner's [Construction Practice](#).