

Notes
32nd SCO Conference Greg's Powerpoint Presentation

Many of you know a lot about the State Construction Office. But I know from the registrations that there are many here that this is their first time at the conference. I have had several calls over the last several months from new design and contracting firms looking to do business with the State.

I wanted to take a few minutes to explain our office's role in the construction process, specifically the different reviews and inspections.

GO THROUGH THE SLIDES UNTIL WE HAVE A CONTRACT

We Have a Contract

How do I make this topic interesting? Well I thought I could have the staff up here, where you could file by and I would already have signed contracts for each of you. That would make everyone happy in the room. Unfortunately, I forgot my pen!

You all know that the economy has not been kind to the construction community over the last several years. Each of you have been

CLICK

Hunting for work. There has not been an awful lot out there. Designers and contractors alike have been kicking the bushes, sending your dogs out to find any work that your firm can do. You have taken work for a lot less profit than you did 10 years ago. You have been taking work that may not be all that interesting to you. Even after all the hunting, sometimes you just weren't successful at finding work. But then...

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One day the sun shined on your business and you were successful at obtaining a contract. As a designer you got a phone call that you had been selected for a project. As a contractor you were low on bid day and each of you knew that it meant continued jobs for your employees and an opportunity to once again participate in something that you love....Construction!

CLICK

Now, we have a contract. So how do we make the project a success.

A contract is an agreement between parties for consideration. That consideration is normally monetary but it does not have to be. A contract is an honest promise between the parties. We

all start with the right words. “We are going to be team, working together”. Everyone is so excited and then.....

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As an owner, we want the designer to build our new 250 room dorm complete with indoor swimming pool, indoor bowling alley, dining facility, banquet halls with 70 foot ceilings, library and an outdoor garden area that rivals that of the Biltmore Estate. We want the designer to design

CLICK

and the contractor to build the facility we described with a budget of 2 dollars! (MISTAKE #1) The designer then promises he can bring that project in for two dollars and he knows all there is to know about designing this type of facility. (MISTAKE #2) The contractor then bids it for \$2-1/2 , but value engineers and negotiates down to \$1-1/2 and says he promises he can complete it in half the time. (MISTAKE #3).

We haven't even dug a footing yet and we have made 3 huge mistakes by not being honest and trustworthy.

CLICK

These mistakes have consequences! We may choose to ignore them at the beginning of the project, because it is easy sticking your head through the fence at first, but rest assured it will not be that easy pulling it back.

Be honest with one another and be honest with yourself. Owners, realize that you don't have enough money to build the Taj Mahal. Designers, be honest with the Owner. Tell the owner that he doesn't have enough money to build what he wants. Don't be so concerned that you may never get selected for another project if you tell the owner the truth. Mr. Designer, you contracted to design the facility for the owner, then, design it yourself. Don't delegate your design responsibility to the contractor via the specs. Contractors, be honest on schedule and on costs. When you say you can get it done in a certain amount of time, then, whatever it takes, get it done. When you price a change order and you put some astronomical number for hourly day labor wages, you are just asking for controversy that is not needed. All of these dishonest representations, 99% of the time, leads

CLICK

To hazards, steep cliffs and slopes that can be detrimental to the project and to the positive relationships that can be built among the parties.

We must stay on the marked trail – the contract. Read your contract. Know what it says prior to stepping off the cliff. Know what it says before signing it. Don't get the contract and specs out from behind the seat of the truck to begin to read them as you are plunging to certain death.

CLICK

So what is the purpose of the contract.

A contract may be defined as a promise enforceable by law.

A contract determines the actions of the parties in their dealings with each other. The parties to a contract are bound to each other for a certain period of time by a unique and exclusive relationship they have created for their mutual benefit, which gives them both responsibilities which they have agreed to accept so that both may benefit.

This contractual relationship persists until the contract is discharged or terminated.

CLICK

It is important that the construction contract accurately documents a “meeting of the minds”. It should clearly state the roles and responsibilities of the parties.

CLICK

How can we have a successful project? We have already mentioned honesty and trustworthiness! We also must pull together as a team. We must be yoked together from the very start of the project and never let anything fester between the parties. As soon as a problem arises it is best to sit down and discuss it face to face. Each of us must strive to do our very best. We must lead our employees by example. Each of us are customers to the other. As such we must treat each other with great customer service, just as we would like to be treated ourselves. To have a successful project

CLICK

we must all march together in unison so that we don't run over top of one another. We need to perform each of our responsibilities that have been laid out in the contract. When we try to take over responsibilities that are clearly outlined in the contract documents to be done by others, we will begin to have a muddy mess. For the project to be successful, we have to work at being a team. We have to have teamwork.

In addition, we have to rid ourselves of our pride and egos! We have entered into a contract, a promise, with instructions for each of us to follow.

CLICK

Inevitably, there will be tasks that arise during the construction that we will not know how to perform. It is ok not to know how to do something. Ask for help! And the one that is being asked, take time to sit down and help the one asking. This will take patience. It will take understanding. It will take time. Always keep in mind that you too, did not know how to do what you do, without someone first showing you the same patience and understanding. Teach one another, not out of spite, but out of concern, during the course of the project, and each of the parties will grow in their knowledge and will be more successful in the future.

CLICK

This is pretty self-explanatory but we shirk it every day especially when it might cost us some money. Accept responsibility for our decisions and the decisions of our employees. Responsibility may cost us money, but taking Responsibility most definitely will earn you respect. Don't make excuses. George Washington Carver once said,

“Ninety-nine percent of the failures come from people who have the habit of making excuses.”

Excuses only prevent us from accepting responsibility for our actions. We all must be accountable and take responsibility for what we have or have not done.

CLICK

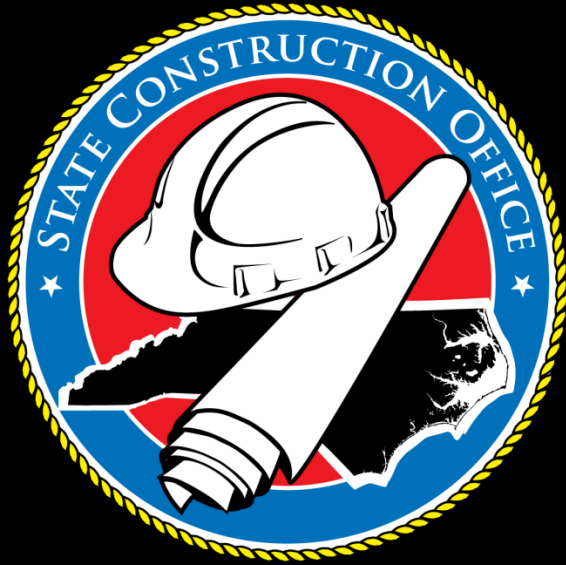
Success is not measured by the amount of money that you make! If your idea of success is being rich then you may have set yourself up for failure and disappointment. If you are (CLICK) Honest, (CLICK) Trustworthy, (CLICK) Treat other as you want to be treated, (CLICK) a team player, (CLICK) Willing to teach others to make them better and (CLICK) you accept responsibility for your actions, then you have achieved (CLICK) success.

If you hold to these values on every contract whether it is verbal or written, whether it is at work or home you will be successful. Being successful is not defined by not having any problems – it is defined by how you deal with them.

We should never want to raise ourselves high by stepping on someone else. We should each strive to lift up each architect, engineer, contractor, subcontractor, owner and attorney so that they can be successful in all their endeavors, especially, when it comes to any contract with the State of NC. A successful State of NC contract, begins with good work ethics, values and habits on our part, and ends with the citizens and visitors of our state living, learning and enjoying the environment that we have help create for them.

When we get our contract, isn't that the contractual goal that we all should strive for?

Thank you!



32nd Annual State Construction Conference

March 28th, 2013



Teaming with State Construction Office (SCO)

Who is SCO?

- Agency within the Department of Administration
- Staffed with 54 Architects, Engineers and Admin
- Per Statute has the responsibility that can be summarized as the overall coordination and management for implementation of the State's Capital Improvement Program

GS 143-341 Powers and duties of Department

(3) Architecture and Engineering

- a. To examine and approve all plans and specifications for the construction or renovation of:
 1. All State buildings* or buildings located on State lands, except those buildings over which a local building code inspection department has and exercises jurisdiction; and
**except does not apply to UNC projects < \$2,000,000*
 2. All community college buildings requiring the estimated expenditure of construction or repair work for which public bidding is required under G.S. 143-129 prior to the awarding of a contract for such work; and to examine and approve all changes in those plans and specifications made after the contract for such work has been awarded. (>\$300,000)

b. To assist, as necessary, all agencies in the preparation of requests for appropriations for the construction or renovation of all State buildings

b1. To certify that a statement of needs pursuant to G.S. 143-6 is feasible. For purposes of this sub-division, "feasible" means that the proposed project is sufficiently defined in overall scope; building program; site development; detailed design, construction, and equipment budgets; and comprehensive project scheduling so as to reasonably ensure that it may be completed with the amount of funds requested. At the discretion of the General Assembly, advanced planning funds may be appropriated in support of this certification. This sub-division shall not apply to requests for appropriations of less than one hundred thousand dollars (\$100,000).

- c. To supervise the letting of all contracts for the design, construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of the subdivision.

- d. To supervise and inspect all work done and materials used in the construction or renovation of all State buildings and all community colleges whose plans and specifications must be examined and approved under (a.2) of this subdivision; and so such work may be accepted by the State or by any State agency until it has been approved by the Department

§ 143-345.11. Secretary's approval of plans for State buildings required.

- (a) No agency or other person authorized or directed by law to select a plan and erect a building for the use of the State or any State institution shall receive and approve of the plan until it is submitted to and approved by the Secretary as to State construction standards and at a minimum as to the safety of the proposed building from fire, including the property's occupants or contents.

State Construction Office

The only independent agency that conducts a broad-based comprehensive review of the entire project to ensure value for the public funds committed for the project and enhance the success of the project through compliance with statutory requirements. In addition, each project gains real-time benefit from other projects statewide – present and past.



21 10:15 AM



Design Reviews

- Designer Self Review
- Owner Review
- SCO Review
- Other Regulatory Review

Designer Self Review

- “To give the utmost of performance”
- Complete the design prior to submission
- In-house peer review
- Schedule – Don’t sacrifice quality at the expense of a unrealistic schedule

Owner's Reviews

Programming:

- Works closely with Designer
- Adequate space and use of that space
- Special needs and uses
- User input- Staff & students
- Safety
- Budget

Appearance:

- Campus standards - materials
- Landscaping, lighting

Infrastructure:

- Traffic, Parking, Landscaping, Site
- Owner design/construction standards
- Maintenance issues and Utility standards

SCO Reviews

- Compliance with the State Construction Manual
- Contractual Issues - Budget, Design and Construction Contracts
- Statutory requirements for Public Work – MBE, 133-3, 143-128 &129, etc.
- Procedural Issues - State Building Commission
- SCO Standard Forms and Documents
- SCO Technical Guidelines for State Facilities
 - Electrical, Roofing, Metal Building, Masonry, Modulars, etc
- Flood Plain Permit
- Appropriate use of materials and methods of construction
- Ease of maintenance (50 year buildings)
- Economy of design and materials
- Clear and sufficient bid documents
- Reduce errors and omissions
- Industry Standards - UL, FM, ACI, BIA, AISC, NRCA, etc.
- Endeavor to add value and assistance to ensure successful State Projects for all concerned.

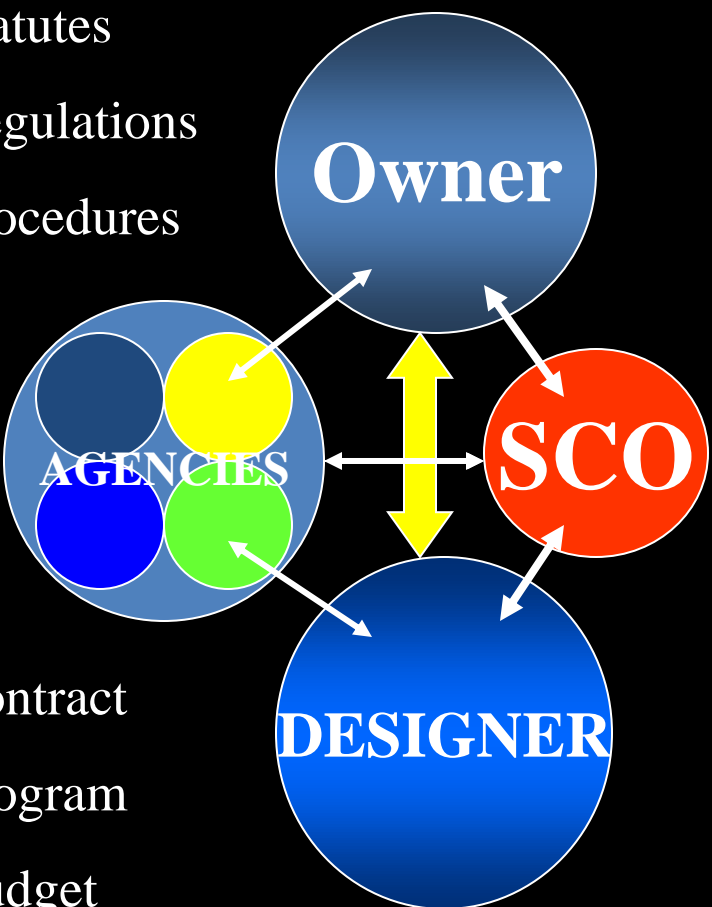
- Life Safety Codes and Insurability:
- State Building Code – General, Electrical, Plumbing, Mechanical, ADA, Energy
- Code Data Summary Sheet
- Occupancy Classification (Business, Assembly, Residential, etc)
- Building Construction Type (I, II, II, etc.) Steel, Concrete, Wood
- Fire Protection ratings (1-hr, 2-hr, NC, etc.)
- Life Safety: Egress, Sprinkler, Fire and Smoke Alarm standards
- Accessibility and ADA

Importance of a Good Review

- Design professionals demand a review. Check, double check and triple check.
- Peer review improves quality of finished product.
- Saves time and money.
- Prevents mistakes that have to be corrected during the construction and post construction
- Life Safety.

Design & Review Process

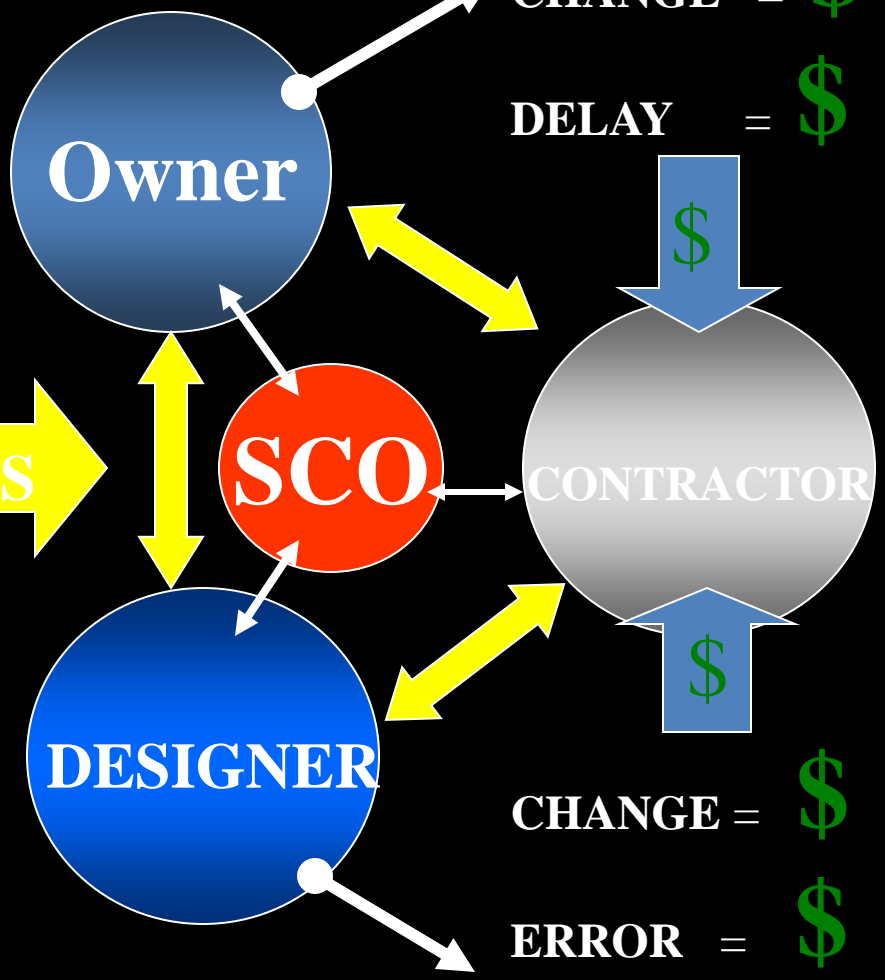
Compliance with: Codes
Statutes
Regulations
Procedures



Contract
Program
Budget
Codes Errors Omissions
Guidelines Consistency Standards

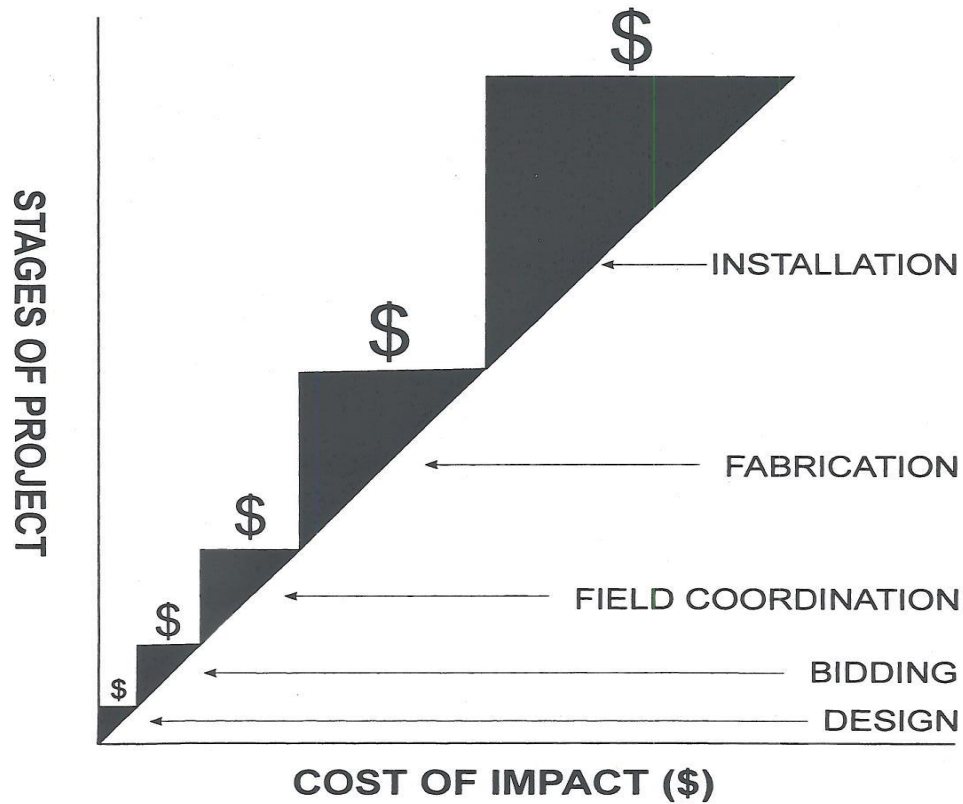
Construction

ADDITION = \$
CHANGE = \$
DELAY = \$
CONTRACTOR
CHANGE = \$
ERROR = \$
OMISSION = \$



Cost of Impact

COST OF IMPACT DUE TO CHANGES DURING VARIOUS STAGES OF A CONSTRUCTION PROJECT



Reviews and Inspections

Two Prong Approach

- Complete thorough Reviews are crucial to a successful Inspection
- Many Building Code concerns are not an issue at inspection because many code “violations” are resolved during the Design Review

Inspect for . . .

- Plan and Specification Compliance
- Progress of Construction
- Performance
- System Operation
- Code Compliance
- Good Workmanship and Quality

Inspection Areas

- Fire Doors, Fire/Smoke Dampers, Fire Rated Corridors, Wall Penetrations, Fire Rated Shafts, Fire Alarm System, and Emergency Generator
- Facility Egress & ADA Accessibility
- Roofs
- Waterproofing
- HVAC System Operation
- Electrical
- Finishes

The TEAM shall only have one underlying focus:

Absolutely nothing is more important than the safety of the general public, state employees, students and residents using State owned facilities.

Question?
Formal vs Informal

Formal vs Informal

- Formal or Informal is really whether the owner publicly has to advertise or not
- G.S. 143-129 has requirements for any project with an estimated expenditure of public money \geq \$500,000
- Therefore, a project \geq \$500,000 of public money = Formal

Formal Project Requirements

- Must be publicly advertised in a newspaper with general circulation in NC
- 7 full days must elapse between date of advertisement and opening of bids
- Proposals shall be sealed
- Proposals shall be opened in public
- No proposal can be considered if not accompanied by a 5% bid security (cash, cashier's check, certified check, bid bond)

- Minimum of 3 proposals must be received to open after 1st advertisement
- If 3 bids not received then owner must readvertise
- On second bid opening, owner can open if less than 3 bids are received

Informal Project Requirements

- Does not require advertisement in the newspaper
- Does not require the receipt of 3 bids to open at the 1st bid opening
- If owner desires, bids may be received electronically
- Does not require bid security or performance and payment bonds – Owner may require

Economy is Down!

What can I do?

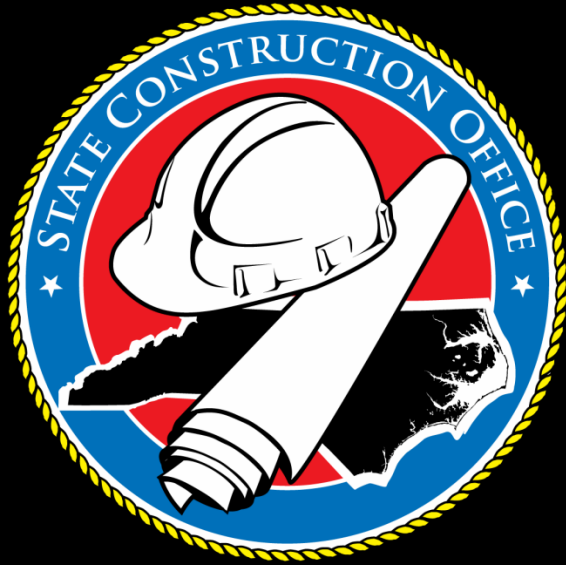
Relationships

- Great Time to Build Some
- People do business with people they know, like and trust
- Economy has been forcing owners to find funding from their operating funds, and piecing together left over funding from old repair and renovation projects
- This leads to smaller projects
- Conservatively, our office is probably seeing 40% of total projects as informal

- Informal Projects under \$500K – They do not have to be advertised
- This means that you must build relationships with these owner representatives
- When a project pops up at an agency or university then you want the owner to think of you first and give you a call
- You can find a list of owner contacts (Capital Projects Coordinator) on our website www.nc-sco.com under “contact us”

Meeting the Owner

- Be confident and knowledgeable in your business
- Let them know what your business principles are: Honesty, Quality, Great Service
- Make sure you live by these principles when you get the job – you want a long term relationship



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We Have A Contract!



Hunting for Work (Rabbits)



But then one glorious day
the Sun rose!

Now! We Have Got One!

The Designer shall furnish or pay for, at cost, to the Designer, a survey of the site, giving grades and lots, alleys, pavement and adjoining property, rights of way, restrictions, easements, setbacks, zoning, deed restrictions, boundaries, elevations at grid points, locations, dimensions, pertaining to existing buildings, utilities and trees; or other requirements for the project. The Designer will pay, at cost, for tests and/or reports requested by Owner and the State Construction Office determining subsurface conditions. However, this shall not apply in engineering contracts where a survey is part of the design.

The Owner shall provide legal services as may be required or necessary for the project.

ARTICLE 5 LIMITATIONS OF PROJECT COST AND PROJECT SCOPE

- 5-1 **Total Project Cost**
- 5-2 **Cost Limitations**
- 5-3
- 5-4

The total project cost as indicated in the body of Page 1 of this Agreement shall include all costs and expenses for which the Designer is responsible, including the design fee. The contingency fund noted on Page 1 shall be reserved at the time of award of construction contracts.

The total project cost, as indicated in the body of Page 1 of this Agreement, is derived from a specific appropriation or funds specifically provided for the particular project described on Page 1 of this Agreement and shall be a condition of this Agreement that the Designer shall conform his plans to a design, the construction cost of which together with the addition of design fees, shall not exceed the total project cost limitations as set forth in the body of Page 1 of this Agreement.

In the event that during the several stages of development of his plans the designer's Statement of Probable Construction Cost together with design fees exceeds the limitations set forth on Page 1 of this Agreement, or in the event that after receipt of bids the sum total of the lowest bona fide bids for the entire project together with design fees exceeds the limitation set forth on Page 1 of this Agreement, then the Owner shall have the right to require the Designer, without any additional cost to the Owner, to modify his plans and specifications or redesign the project as may be necessary to bring the construction cost plus design fees within the Total Project Cost limitation set forth on Page 1 of this Agreement.

If the probable construction cost plus design fees, or the sum total of lowest bona fide bids plus design fees, exceeds the limitation of total project cost set forth in the body of Page 1 of this Agreement, and such excess does effect arrangements for additional financing, then the Owner elects to and does effect arrangements for additional financing, such excess shall be payable under the contract. The amount of said excess shall be less than the sum which would have been payable had the project proceeded at a total project cost in excess of that originally contemplated by this Agreement, then the Owner may modify the terms of this Agreement with respect to such excess.

Contract Award: Base Bid
All #1 (Res/Blgds)
All #2 (Campground)
Total

	Thousand	Five Hundred	Dollars	and	No
	\$	608,500.00			
	\$465,000.00				
	\$95,000.00				
	\$48,500.00				
	\$608,500.00				

On or before the 20th day of each calendar month, the Party of the First Part shall make payments to the Party of the Second Part on the basis of a duly itemized and approved estimate of work performed during the preceding calendar month.

...day in excess thereof, liquidated damages shall be as stated in the General Conditions. The Party of the First Part, as one of the parties to this contract, shall furnish to the Party of the Second Part, a schedule setting forth planned progress of the project broken down by work under the contract and by calendar days. If the Party of the First Part fails to perform the work with sufficient promptness, or shall perform the work in a manner that is not satisfactory to the Party of the Second Part, or shall discontinue the work without the consent of the Party of the Second Part, or shall become insolvent or be declared bankrupt, or for any other reason, the Party of the Second Part may give notice in writing to the Party of the First Part, specifying the work to be completed, and the Party of the Second Part shall proceed in accordance with such notice, and the Party of the First Part shall complete the work within fifteen (15) days after such notice is given. In the event the Party of the First Part fails to complete the work within fifteen (15) days after such notice is given, the Party of the Second Part may enter into an agreement with a third party to complete the work, and the Party of the First Part shall be liable for the cost of such completion, and the Party of the Second Part shall be entitled to reimbursement of such costs. The Party of the First Part shall be liable for the cost of such completion, and the Party of the Second Part shall be entitled to reimbursement of such costs.





THE UNITED STATES OF AMERICA

THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE

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WASHINGTON, D.C.



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SERIES 2009

Timothy F. Geithner
Secretary of the Treasury

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ONE DOLLAR

THE UNITED STATES OF AMERICA

THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE

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SERIES 2009

Timothy F. Geithner
Secretary of the Treasury

12

ONE DOLLAR

Rosa Gumataotao Rios
Treasurer of the United States



Consequences



WARNING

AREA CONTAINS
HAZARDS ASSOCIATED
WITH ROCKS, STEEP
SLOPES AND CLIFFS

**INJURY OR
DEATH
POSSIBLE**

**STAY ON
MARKED TRAIL!**

A green, rectangular sign with rounded corners and a white border, mounted on two wooden posts. The sign is tilted slightly to the right. The word "Purpose" is written on the sign in a white, sans-serif font. The background is a bright blue sky with scattered white clouds.

Purpose

Are we sure this
is what the
agreed on?





Pull Together as a Team!

March in Unison



Teach Others Willingly



Accept Responsibility



Make the Contract Successful

Honesty

Trustworthy

Customer Service

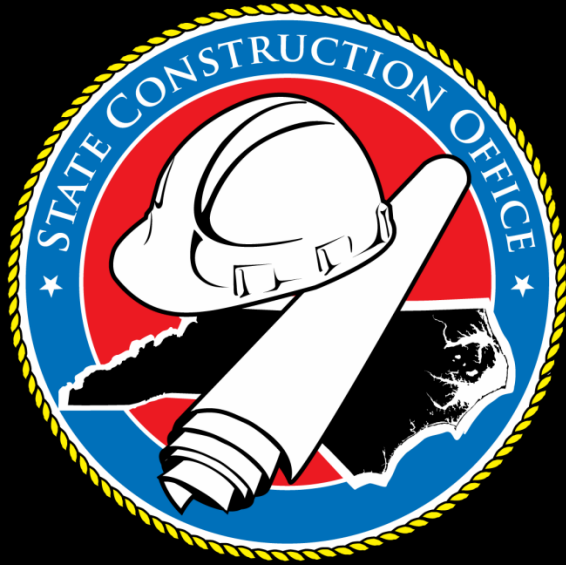
Teamwork

Teach Others Willingly

Accept Responsibility







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