

The Construction Management Agreement

Main Street Building Group LLC's Construction Management Agreement, while a single document, is functionally divided into two phases: The Preconstruction Phase and the Construction Phase.

During the Preconstruction phase, the construction manager acts as a consultant to the owner, assisting the owner and designers by providing review of the design for the purpose of value engineering, assessment of constructability, and cost management. The construction manager's evaluation of the design from the builder perspective provides experience-based input that often builds construction efficiencies and economies into the design, ultimately reducing construction cost. At certain stages during the design process, the construction manager will perform interim cost analyses in order to assess the development of the design with respect to the owner's budget. Upon completion of the design, the construction manager prepares a comprehensive cost analysis for the project and presents this analysis to the owner in the form of a Guaranteed Maximum Price proposal for performance of the work.

The Construction phase commences upon the owner's acceptance of the proposal and thereby authorizes the construction manager to start the construction work. During the Construction Phase, the construction manager changes roles to that of an "at-risk" construction manager / constructor, performing the work for a guaranteed maximum price. An important feature of the agreement is that the owner is not bound to accept the construction manager's proposal at completion of the Design Phase.

The agreement is a Guaranteed Maximum Price agreement. It is effectively a cost plus contract that will not exceed a fixed amount, except for changes to the scope of work. The owner only pays those costs incurred in performance of the work and may realize savings in the event that the construction manager is able to perform the work for less than the initial budgeted amount. The agreement provides for a sharing of any savings between the owner and construction manager, thereby providing incentive to complete the project under budget.

We have crafted our Construction Management Agreement to accurately reflect our construction management business model and the services that we provide. The conduct of business under this model is open in all respects; it is completely open book, all information concerning the project is available to the owner and our billing to owners includes copies of all project invoices from subcontractors and suppliers paid by MSBG during each billing period. Ours is a service business and our success is based upon the relationships we build and the satisfaction we provide to our clients. We believe that collaboration, communication, teamwork, openness and trust are fundamental to our professional practice of construction management. The construction management method is the reason for our success and the high level of satisfaction expressed by our clients.