

# AKO Hospital Construction newsletter

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## Doing the Job Right! The Owner's Responsibility

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**B**uilding projects can go awry because of confusion. Confusion occurs when the players are unclear about their respective roles.

Having observed these problems as construction counsel to dozens of healthcare building projects in the past, I would like to stress the importance of clearly understanding the responsibilities of each party who will be involved in the construction project. A key party is obviously the owner, and I would like to devote this piece to the tasks the owner should be prepared to assume.

### *The Need for Programming Guidance*

An owner must be first prepared to describe the owner's needs as clearly as possible to the architect. This is called programming guidance. It communicates what the owner expects at the end of the day. The special needs of targeted patients or required facilities are key starting points. What is the anticipated patient load? What is the desired patient processing pattern? Does the project blend well with any master plan?

The hospital should involve key hospital staff in the initial design. This is an opportunity to explain what the budget can absorb and what is not within the realm of possibility. Input from physicians and nursing staff is particularly important when significant new medical equipment or changes in patient processing are contemplated by the project.

Thorough staffing of project programming and design features will help the owner assure that there are very few engineering changes after the design has been completed and validated.

The more detailed guidance that the owner can provide to the architect (who translates that guidance into graphic form), the less likely the owner will see misdirection in the plans. If mistakes are not caught, they will appear in the contract documents for which the contractor may have to be compensated through change orders.

The architect will give back to the owner graphic and narrative representations of the owner's objectives. The owner has to invest the appropriate amount of time to review the architect's early work, whether in the form of a programming statement or the schematic plans and outline specifications. This early work should be viewed carefully to insure that the owner's guidance has been understood. If the initial programming guidance is inadequate or inaccurate, or schematic plans do not reflect the owner's goals, the owner's "dream house" will be built on sand and it is predictably going to sink.

### *Project Budget*

The owner must also be very specific (at the earliest time) about the project budget. Unless the owner has unlimited wealth and has no financial constraints, the owner has an obligation to lay out the parameters of the budget before the architect puts pen to paper or moves a cursor on the

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computer. The architect should design within that budget even though the vagaries of the market place are such that a ten percent error margin, or contingency, is usually considered acceptable.

In general, if you know in advance that you want the architect to design a project for you, the cost of which may be ten million dollars, you would be best advised to provide budgetary guidance of nine million dollars.

The owner must also keep in mind that the architect often has a strong artistic side. The architect might wish to create a memorable edifice that will be the envy of the design world. The healthcare owner is probably more functional and pragmatic, and more concerned about cost and funding.

Today, architects are often not closely in touch with construction costs for complex projects. Accordingly, many owners hire a cost consultant who will have genuine expertise in this area. Often the architect can provide a list of cost consultant candidates.

### *Outside Expertise*

The owner may have a director of planning, engineering or development, and these individuals may possess expertise to mitigate the need for outside reviews of the design product.

Owners will often hire a construction manager instead of a general contractor (even though many construction firms are willing to work in either capacity). The value of the construction manager firm, which is brought on early in the design process, is in their practical experience. Such a firm can offer valuable input on the constructability of the design.

Some owners also hire a separate project manager, especially for larger projects. Project managers often come from the same background as construction managers and general contractors. Some would view them as foxes hired to keep other foxes from taking too much from the hen house. The project manager, who is loyal to the owner and who has no economic interest in the cost of the project, makes sure that the hospital is getting what it paid for. The project manager reviews requisitions for payment, assures that the materials promised are the ones used; and makes timely decisions on problems that spontaneously arise.

### *Other Considerations*

The owner should be certain to keep a master set of the construction drawings as the design process evolves. The owner should also maintain dedicated project files for all plans, agreements, schedules, budgets and correspondence.

The owner must create a viable financing plan that is carefully coordinated with the project budget and will meet the cash flow needs of the project as they arise. Delays in achieving fund raising goals can impair payments owed to contractors and may result in delay claims.

The owner must be realistic in scheduling and in turning over portions of the hospital on a timely basis to the construction crew.

### *Conclusion*

In summary, the owner must be an orchestra leader, a diplomat, a negotiator and a realist.

The owner will also need to hire construction counsel. It should be remembered that hospitals are in the business of providing health care. They are not in the business of building multi-million dollar complexes. The sooner the counsel is hired the better. There will be terms to negotiate, contracts to write, and challenging problems to solve. Experienced construction counsel can save a hospital hundreds of times what the fee may be. ■