

# Working With You

## MARRONE & MARRONE Describes the Construction Process and the Services We Provide to Clients

### Pre-construction Services

Clients can save money by using a contractor's services during the design process, to value-engineer the project and consult on materials and construction methods. The pre-construction services we provide include:

- \* Value-engineering proposed plans;
- \* Preliminary cost estimating;
- \* Consulting on construction techniques, materials and detailing;
- \* Reviewing consultants' plans for efficiency of construction.

For this work, we typically enter into a contingency contract with the client. Under this agreement, we track our time for pre-construction services. If the job comes to fruition and we build the house, we do not charge for the pre-construction work. If, however, the house is not built after a specified time, or if the client chooses to hire another contractor to build the house, then we are paid for our pre-construction services. We usually write a dollar cap into the contingency contract, limiting the client's potential outlay.

### Choosing a Contractor and Cost Control Strategy

Clients have two basic approaches in choosing a contractor:

- (a) Competitive bids. The owner solicits competitive bids and then chooses a contractor, presumably the lowest bidder from a group of fully qualified bidders. When we are asked to work in this format, we expect to provide a lump-sum bid, and then to build the project per the plans and specifications managing the work as we best see fit. We typically provide no ongoing cost control when working in this format, since (presumably) the competitive bid method is the cost control.
- (b) Negotiated contract. The other approach is some form of negotiated contract between client and contractor, whereby the client interviews contractors and chooses to work with a particular builder in advance of final cost estimating, and then negotiates a price. This price can be fixed, it can be cost plus a fixed fee, or it can be cost plus a percentage.

We most often work with clients using a negotiated "cost plus percentage" contract. When working in this manner, we obtain three (sometimes four) competitive bids on all major subcontracts. On minor portions of the work we may solicit fewer than three bidders, but the bidder(s) will not know this. For work that is highly specialized or artisanal in nature, we work with a selected subcontractor in negotiating an appropriate fixed or hourly cost.

We offer (and prefer) this negotiated approach because it makes the pricing process transparent to our clients and their architects. On every job, we assemble the bid book, a large three-ring binder with all bids, bidding instructions, Requests For Information (RFIs) and the like. On a negotiated job, we share the bid book with the client and the architect, and all parties can clearly see the competitive pricing.

Transparent pricing gives the team a measure of ongoing control over costs. In a negotiated contract, if the client wishes to exercise formal approval of all major subcontracts, we can incorporate this approval into the construction contract.

### How We Bid, How We Subcontract

Some bidding and subcontracting processes are already described above. Before final bidding we produce two line-item estimates (and sometimes a pre-estimate, based on initial discussions of anticipated cost per square foot).

We develop the first line-item estimate from preliminary architectural plans, before the plans are fully annotated and before structural, mechanical, electrical and other similar plans are done. We usually do this estimate in house, with no bids or estimates from subs, but occasionally we seek informal input from subcontractors.

We develop the second line-item estimate at or around plan submittal time. The submittal package usually contains firm subcontractor bids for the building shell and basic site work, but uses allowances or in-house estimates for finishes. As mentioned above, the final pricing package generally includes fixed, multiple bids for all the trades.

Our final bidding process consists of assembling the bid book and then identifying the subcontractor that will likely be used for the work within each trade. We typically do some work using our direct employees, and our bid includes estimates for this cost.

We have never bonded for a residential project.

## Project Management and Field Supervision

We employ full time superintendents on all our projects (except very small service-type projects for former clients). Our superintendents are responsible for the day-to-day job site activities, including job site safety and security, job site clean-up, sub scheduling and supervision, material ordering and handling, finish protection, employee supervision and the like. The superintendent files a daily report of job site activities to the office each working day.

In addition, we assign a project manager to each job. The project manager is primarily responsible for the project paperwork, including site meeting minutes (if not done by the project architect), change orders, RFIs, bid solicitations, subcontracts, and the like. Typically, the project manager attends regular site meetings and will visit the client's site periodically. The project manager does any re-budgeting and any schedule revisions, using (in part) information provided by the superintendent. The project manager will usually bill from ten to twenty hours per week to a client's job. Clients can review and specify the specific tasks and areas of responsibility for their superintendent and project manager, as part of their written job descriptions in their contract with us.

## Scheduling

We use Microsoft Project software for our scheduling. The software easily calculates the critical path, and we can publish the scheduling reports in many formats (most often, we print Gantt charts). We create a schedule at the start of the client's job, which lists the choices and design decisions we need from the client (to the extent we can foresee them), and the deadlines for making them. We revise the schedule from time to time, most often when key points (such as inspection dates) become known, when the scope of work changes significantly, or when progress is simply not tracking to the published schedule.

Schedule is usually very important to our clients. Paradoxically, the dates by which we need decisions from them are often not met. We welcome and enjoy projects that have timely design information, since we can be both cost-efficient and schedule-efficient when decisions are made on time.

## Project Closeout

Occasionally at project's end some items are not final, usually due to material non-arrival or some other like cause. We create an in-house punch list and work to complete it; once we have completed as much of the list as we can, we ask the client (or the client's architect) to walk through the job with the superintendent and draft a punch list to compare with ours. We then complete the work.

We provide as-built plans for site work (with emphasis on underground work), and as-built plans for buildings when appropriate for some specific reason. We assemble all instruction manuals and warranty information into a three-ring binder with index and table of contents. When appropriate (for example, if the operation of the HVAC system is complex), we arrange meetings with the owners and subcontractors to review the operation of systems.

## Philosophy

We believe that building fine homes requires both organization and craft. Organizing the project enables construction to flow seamlessly and swiftly, and we build exactly what the designers intend. Craft enables us to understand the desired feeling of the home, and with personal care and diligence to shape that vision into reality.