Contracts, Specifications and Quantity Surveying
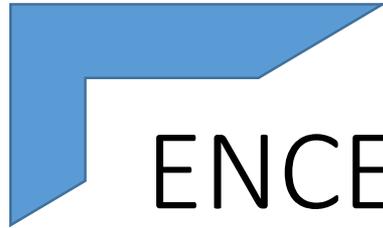
ENCE421:

Contract Strategies/ Delivery Methods Cont'd

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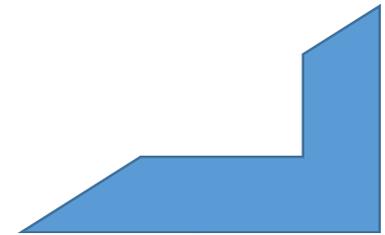
Today's Presentation Outline

- Revisit previous lecture

- Contract strategies/ delivery methods Cont'd

Revisit previous lecture

✓Contract strategies/ delivery methods

✓Traditional contract

✓Design and build contract

✓Turnkey contract

Contract strategies/ Delivery Methods Cont'd

➢ Construction Management

- Normally assigned a construction manager to manage and coordinate the construction of the project for the owner.

- A four-party arrangement (client, designer, construction manager, and contractor).

Contract strategies/ Delivery Methods Cont'd

➤Construction Management

Pros and Cons:

- More expensive than the traditional approach (CM firm fees up to 4%)

- It offers greater guarantee of performance than other approaches

- It has the potential to avoid time and cost overruns and, accordingly, reduces the cost of claims

- Provides flexibility for design changes

Contract strategies/ Delivery Methods Cont'd

➢Construction Management


```
                        Client
                      /   |   \
                    /     |     \
        Design            |         Construction
    Organisation          |            Manager
                          |
                     Construction
                     Contractors

              CONSTRUCTION MANAGEMENT
                     CONTRACT
```

Contract strategies/ Delivery Methods Cont'd

➢Design and management contract

- Normally assigned a design and management contractor to manage and coordinate the design and the construction of the project for the owner.

- A two-party arrangement (client, design and management contractor).

Contract strategies/ Delivery Methods Cont'd

➢Design and management contract

```
                        Client
                       /      \
                      /        \
             Scope              Design and Management
             Designer           Contractor
                                   /      \
                                  /        \
                          Designers        Construction
                                           Contractors

                   DESIGN AND MANAGEMENT
                          CONTRACT
```

Contract strategies/ Delivery Methods Cont'd

➢Build-Operate-Transfer (BOT):

- An entity is responsible for performing the design, construction, long-term financing, and temporary operation of the project

- At the end of the operation period, which can be many years, operation of the project is transferred to the owner

- Used extensively in large infrastructure projects financed by the World Bank in parts of the world that cannot afford the high investment costs of such projects

Summary

✓Contract strategies/ delivery methods

Next ---> Payment Methods

Any Questions??