



RHarper Consulting Update

What's Falling Through the Cracks? Scope Gaps

Owners and developers in today's real estate market are constantly challenged by new requirements placed on projects by lenders, equity sources and regulatory authorities. These run the gamut from evolving accessibility and Fair Housing rules through stormwater quality and management and green building standards to mandatory closeout documents for project financing sources. In most cases, these tasks must be performed by licensed professionals or special consultants, which frequently results in significant unbudgeted costs.

It is impossible to know all of these requirements in the course of developing a project, since all the stakeholders and their specific needs may not be identified. There is no comprehensive reference you can turn to for a list, and experience is the best teacher. However, Owners can manage some of the risks by including typically requested services in consultant contracts at pre-determined, or at least reasonable, rates – avoiding the "scope gaps" which develop as those new requirements are addressed.

Here are a few scope gaps I have encountered recently:

Geotechnical – Typically, the Owner will engage a geotechnical firm to provide soil borings and analysis as part of the site due diligence process. This is routinely provided to the design team and structural engineer as the basis of design for the foundations, paving surfaces, and other load-bearing components of the structure. It is critical, though, to have any design professional using the geotechnical report attest to its adequacy. Additional borings once the building locations are decided can often help determine the most economical design parameters, and making these reviews part of the original scope may eliminate an unforeseen extra cost.

LEED or Green Building Requirements – Meeting the requirements for sustainable building certifications has become a very complex specialty. While it is common practice to engage a dedicated consultant to manage this process, the costs incurred by other design consultants in meeting the sustainability requirements often shows up as additional services. In order to avoid these surprises, it is essential to make them part of the design contract scope. Further, having early design meetings to establish the requirements is critical to having a finished product that achieves certification.

Testing – Owners typically are responsible for contracting for materials testing, including soils, concrete and other construction materials. However, many municipalities and codes require a third-party engineer to provide special structural inspections. Owners shouldn't assume that this is included in the testing agency's scope. While most are capable of providing these services, the requirement is often overlooked until late in the construction process. Not only is this a costly oversight, but it may have a dramatic impact on schedule as well as having to expose or demolish work already in place. Be sure to determine early on the type of third-party inspections that may be required for your project.

Coordination – I know this sounds like a clear-cut case where the design team is required to adequately coordinate their documents, and basically that's true. However, in many cases, particularly with respect to interior design, signage, and other ancillary services, the level of coordination assumed by the respective parties may be vastly different. The Owner is often left to arbitrate, and to bear the expense of completing the work. Not only is this costly, but often has a domino effect resulting in change orders and schedule delays.

These are just a few of the items that can reach out and impact a project unexpectedly. It falls upon the Owner to recognize the complexity of any development project and the specialized nature of service providers, and to adequately plan for all reasonable contingencies and provide reserves for those not planned.

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RHarper Consulting Group provides development consulting, program management, and owner representation services focused on the senior living and mixed use sectors. In addition, Mr. Harper is also a listed mediator and arbitrator providing dispute resolution services for the construction and real estate industries.



Roger Harper, Principal of RHarper Consulting Group, provides development consulting services to the senior housing industry.

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