

**CHOOSING A K-12
CONSTRUCTION
MANAGEMENT
PARTNER:**

*what you
need to know.*



Over the last 10 years, Ramsons, Inc. has worked with over 18 different school districts on 65 projects.

As an experienced provider of Construction Management, we are able to share valuable insider knowledge to help school districts like yours make better informed decisions when selecting a Construction Manager.





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In General, What to Look For in a Construction Manager

Construction Management is a popular method of project delivery embraced by nearly every school district in the state of Arkansas. Since contractors are no longer expected to compete for school projects on price alone, school boards and superintendents are now tasked with evaluating the experience and capabilities of multiple contractors. And ultimately, the firm they choose will determine the success of their project.

You want a firm that has a good reputation, has proven itself as a viable entity, and has experience in both school construction and construction management. The ideal school Construction Manager is one that will offer a solid range of preconstruction services to keep the project within budget, and construction services that will ensure the project is completed according to the schedule and to a high degree of craftsmanship. **Most importantly, you want a firm that can and will devote proper resources to the project.**

Keep In Mind, Fit Matters More Than Size

There's an old saying that nobody ever got fired for hiring IBM. But while it may seem tempting to just hire the biggest contractor on the block, it also pays to think past the so-called "safe bet." Ask yourself, for example: on a \$5 million project, if you are choosing between a contractor that does \$300 million in revenue vs a contractor that does \$20 million in revenue—which of the two firms is most likely to give you their A-team? Remember, a firm's smallest project rarely gets priority.

Larger firms have the resources to hire top-shelf sales talent, and often excel at "wow factor" dog-and-pony shows during the interview phase. But it's fair to ask yourself, "Will I ever see these people again?" Capability is frequently a less critical criterion than fit, and oftentimes a mid-sized project is best served by a mid-sized contractor. Provided that the firm is a reputable and experienced provider of Construction Management services, the best fit results in them simply caring more and therefore devoting more resources proportionally to the success of your project.

Understand the Legal Selection Process

There are multiple laws paired with very specific rules and regulations that govern how school districts solicit and choose their Construction Manager. These laws naturally evolve over time so we recommend all school districts consult with their attorney to outline best practices regarding solicitation and selection. In general, though, the process typically includes advertising a Request for Qualifications, evaluating the responses, creating a "short list" to interview, conducting the interviews and selecting a Construction Manager. It is important to note that in Arkansas, state law does not allow school districts to inquire about fees. **This is because Construction Management is a professional service and, under Arkansas law, professional services must be chosen based upon qualifications, not price.**





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The Request for Qualifications

The Request for Qualifications (RFQ) is an advertised formal request for specific information about the respondents' professional services. The response (called a Qualification Statement) is a bound document tabbed to specific sections and used by a school district to evaluate and short-list Construction Management firms.

Common sections for a Construction Management RFQ include:

- Company History
- Similar Experience
- Approach to Preconstruction Services
- Approach to Bidding
- Approach to Construction Services
- Bonding Information
- Current Workload
- Safety Information
- Self-performance Capabilities

RFQ & Interview Best Practices

1. The earlier you bring on a Construction Manager, the more successful your project will be. So plan on advertising for a Construction Manager as soon as the project is approved.
2. Advertise your RFQ in multiple locations: the *Arkansas Democrat-Gazette*, local papers, social media, etc.
3. You'll be requesting a lot of information which is time-consuming to both create and evaluate. Give prospective Construction Managers at least two weeks to create their responses. Give your school board (or selection committee) at least a week to evaluate the statements.
4. Request a hard copy of the response for the superintendent, each member of the school board, the architect and whomever else will have input into the selection of the Construction Manager. Also request a digital copy.
5. Based on the evaluation section below, create a short list of about 3 or 4 respondents to interview.
6. Notify every single respondent of their status (i.e. short-listed vs. not short-listed). Determine in advance who will contact the respondents and how. If you have an architect on board, strongly consider using them for this role. Otherwise, appoint a leader (i.e. Superintendent or School Board President). It is best to call the recipients personally and follow up with an email or formal letter. If they aren't short-listed, tell them you appreciate their responses. Politeness and tact here will ensure you continue to receive responses from rejected firms on future projects for which they might be a better fit.





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RFQ & Interview Best Practices (cont.)

7. Randomly draw for interview times to ensure fairness and objectivity.
8. Schedule the interviews such that the short-listed Construction Managers have time to prepare. Give them at least a week.
9. If there are preliminary plans, project narratives, etc., provide this information to the short-listed Construction Managers. The more specifics you give them, the more tailored—and therefore relevant—they can make their presentations.
10. Interviews should provide for a 30-minute PowerPoint/slide-show presentation and up to 15 minutes of Q and A. Keep a strict account of time to ensure fairness to all participants.
11. Communicate to the short-listed contractors the AV capabilities of your school district. In short, they need to know what equipment to bring.
12. If possible, schedule Construction Managers such that one contractor can set-up the AV portions of the presentation while the other is finishing up. This helps eliminate awkwardness due to technical issues while also using time more efficiently.
13. Schedule the interviews over multiple days. This helps reduce fatigue of the decision makers.
14. Come prepared with questions. Use the evaluation section below to help brainstorm questions (i.e. if a seemingly reputable contractor gets short-listed but has a high workers comp modifier, ask them to explain the accidents and mitigation measures employed).
15. Make sure all decision makers are present for all interviews.
16. Use Zoom (or a similar teleconferencing solution) if a regional, state, national or international event creates a situation where it is unsafe to travel or meet in person (i.e. at the time of this writing, the COVID-19 pandemic is surging).





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Evaluations

- ✓ **Evaluating a firm's history:** you want a company that is established and has a good reputation. The construction industry is a difficult business often defined by "feast or famine" cycles. Only strong, well-managed companies can withstand multiple cycles. According to Construction Business Owner (a nationwide construction trade publication), 37% of all construction companies fail within their first year of operation. Nearly 25% fail between years two and three. Even when the project is bonded, a contractor default is a miserable experience for a school district. So be extra-careful with upstart companies. You want to do business with companies that have proven themselves to be viable for the long term.
- ✓ **Evaluating a firm's experience:** Construction Management is not just a way to negotiate public work; unfortunately, there are plenty of General Contractors who only see it this way. Those contractors will not serve your school district well. Construction Management is a legitimate professional service that requires knowledge and experience to deliver correctly. When evaluating a firm's experience, look for multiple Construction Management projects. **NOTE: A good "experience" section will include a reference request for each project listed. Be sure to check these references.**
- ✓ **Evaluating a firm's approach to preconstruction:** the preconstruction phase is arguably the most important. The two basic points of evaluation here need to be centered around preliminary estimates and value engineering. Look for how many estimates they will perform, the "types" of estimates, the method of estimating and their approach to value engineering. You want a Construction Manager that will perform preliminary estimates at each phase of design. These need to use historic data, subcontractor input and complete takeoffs. The value engineering needs to put you in control and it needs to evaluate more than just front-end costs.
- ✓ **Evaluating a firm's approach to bidding:** get a feel for how the firm will create bid packages. Understand how the firm will solicit and evaluate bids. How much coverage (i.e. the number of bids on each package) will the firm strive to achieve? You want a Construction Manager that has a robust subcontractor database. You want a Construction Manager that will try and get at least three bids on each package. You want a Construction Manager that will structure bid packages in such a way that local contractors can compete fairly for the project. The Construction Manager will conduct the bid opening, so evaluate their positions on public vs. private openings, bid evaluation, release of the bid tab, etc. You want a Construction Manager that is ethical in how they conduct bid openings but flexible enough that they can work with you to meet your specific needs.





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Evaluations (cont.)

- ✓ **Evaluating a firm's approach to construction:** the construction superintendent is the most important person on a jobsite. He or she will lead the project in the field and ensure both the schedule and the quality of construction. But, if you are bringing a Construction Manager on board at the earliest phases of the project—following the best practice recommendation—this means you might not start construction for another year (or more). That makes asking a Construction Manager to name the construction superintendent unrealistic. Instead, request resumes of three potential superintendents. Also, inquire about and evaluate the construction manager's overall approach to scheduling and project management.
- ✓ **Evaluating a firm's bonding program:** Have the respondents list and provide contact information for their surety company and agent. Ensure that the Construction Manager's surety is listed on the Bureau of the Fiscal Service's Circular 570 (<https://www.fiscal.treasury.gov/surety-bonds/list-certified-companies.html>). A listing on this website verifies that the surety has the resources required to back the bond. Sadly, there are companies that legally produce bonds in such a way that they actually provide almost no protection to the contractor or to the school district. Being listed on Circular 570 ensures that the surety is reputable and that you are sufficiently protected in the event of claim or default. Also have the Construction Manager provide bonding rates and estimated capacity (both single project and aggregate) as well as any surety claims over the past five years.
- ✓ **Current workload:** You want to know what the contractor currently has going and what's in the pipeline. Are they too busy to serve you? Ask for details; the goal here is to gauge how busy they are.
- ✓ **Safety information:** Request that the respondents provide their workers compensation insurance modifier. This is a good reflection of how safe the contractor operates compared to industry peers. A modifier of 1.00 means they have the same workers compensation claims (not volume of claims, but rather the cost of the total claim). Anything below a 1.00 means they have less claims than their peers, indicating an above average rating. Safety is always important, but even more so with school projects as children are present. Also request a brief explanation of any OSHA violations within the past three years and mitigation strategies employed to correct the problems that led to the violations.
- ✓ **Self-performance capabilities:** most Construction Managers are also General Contractors and employ skilled tradespeople to self-perform portions of the project. It is important that the school district understands the respondents' capabilities and their strategies of employing the capabilities. In general, self-performance is a plus, not a negative. But in order to ensure competitive pricing, the Construction Manager should submit a bid on the packages they are capable of self-performing. The bids should be sealed, just as every other bidder.





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In Conclusion

Construction Management has emerged as the dominant method of project delivery for Arkansas' school districts for one simple reason—it works.

And when you choose the right partner, it works really well.

By taking advantage of the knowledge and best practices listed here you can confidently choose the right Construction Manager for your school project, and enjoy a successful project experience and outcome.



Ramsons, Inc. has been in business for 50 years and has provided Construction Management services for over 20.

