

## Introduction

Poor work by property improvement contractors is often the one of the number one consumer complaints in the U.S. Our company often works for insurance companies, lawyers and owners in disputes over construction projects gone bad so this is no surprise to us. Our experience is that only a small percentage of contractors involved in property maintenance or improvement are unscrupulous; unfortunately, many are so incompetent that they might as well be stealing.

Large maintenance projects should be considered “construction projects”, and be managed with professionalism and processes. Due-diligence requires the collection of bids for maintenance, repairs, and improvements; overcoming the difficulty of getting comparable proposals from contractors requires effort and professionalism.

Anyone involved in property ownership or community management will benefit from this presentation. We will show you an integrated approach that includes:

- Defining the scope of the work
- Budgeting and scheduling the project
- Contracting the work so you and your clients are appropriately protected
- Coordinating the work and creating documentation to make the project run smoothly
- Verifying that you are getting what you are paying for

February 2012

## Outline

1. Introduction
2. The Big Picture
3. The DBSKCV CM Method - Overview
4. The DBSKCV CM Method - Details
5. Case Study
6. Conclusion

## Learning Objectives

1. Introduce the fundamentals of contracting an managing construction
2. Learn how to balance the various interests including: scope, budget and schedule
3. Learn how to process applications for payment
4. Study a real maintenance and repair project

## Backup Materials

1. Managing Property Maintenance & Improvement
2. Further Discussion Regarding Property Condition Assessment & Maintenance
3. Managing Construction Quality
4. DBSKCV Construction Management Method
5. Meeting Management

## Program Contents

1. Introduction
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  - B. Who We Are: PFCS
  - C. Learning Objectives
  - D. Back –Up Documents
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  - A. Building Performance and Life-Cycle Management
  - B. Property Condition Assessment
  - C. Maintenance, Improvement & Repairs
  - D. Contracting 101
3. The DBSKCV CM Method – Overview
  - A. Overview
  - B. Menu of Deliverables
  - C. Key Documents
4. The DMSKCV CM Method – Details
  - A. Define
  - B. Budget
  - C. Schedule
  - D. (K) Contract
  - E. Coordinate
  - F. Verify
5. Case Study
  - A. Analysis of Data
  - B. Map All Data Points
  - C. Scope of Repair & Repair Map
  - D. Bid Solicitation
  - E. Bid Analysis / Award
  - F. Contracts with Attachments
  - G. Construction Management
  - H. Key Learnings
6. Conclusions
  - A. Learning Objectives
  - B. Back-Up Materials
  - C. Homework
  - D. Property Analysis Seminar Series

Managing Property Maintenance

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# Managing Property Maintenance, Improvement & Repair

Pete Fowler Construction Services, Inc.  
February 2012

## Managing Property Maintenance

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## Managing Property Maintenance

### Program Outline

1. Introduction
2. The Big Picture
3. DBSKCV CM – Method Overview
4. DBSKCV CM – Details
5. Case Study
6. Conclusion

## Managing Property Maintenance

### 1. INTRODUCTION

#### A. Program Introduction

Anyone involved in property ownership or community management will benefit from this presentation.

We will show you an integrated approach that includes:

- Defining the scope of the work
- Budgeting and scheduling the project
- Contracting the work so you and your clients are appropriately protected
- Coordinating the work and creating documentation to make the project run smoothly
- Verifying that you are getting what you are paying for

## Managing Property Maintenance

### 1. INTRODUCTION

#### B. Who We Are: PFCS

Pete Fowler Construction Services, Inc. (PFCS) is a team of consultants with expertise in all phases of building construction. We specialize in creating real, practical solutions.

Services:

- Cost Estimating
- Construction Management
- Finance & Accounting
- Property Analysis
- Construction Claims Consulting
- Construction Defect Consulting
- Expert Witness Testimony
- Training & Education



### C. Learning Objectives

1. Introduce the fundamentals of contracting and managing construction, which includes managing property maintenance, repair and improvement.
2. Learn how to balance the various interests in managing projects; most importantly the (A.) scope, (B.) budget and (C.) schedule.
3. Learn how to process applications for payment.
4. Study a real maintenance and repair project.

### D. Back-Up Documents

1. Managing Property Maintenance & Improvement
2. Further Discussion Regarding Property Condition Assessment & Maintenance
3. Managing Construction Quality
4. DBSKCV Construction Management Method
5. Meeting Management

### *Introduction*

Poor work by property improvement contractors is often one of the number one consumer complaints in the U.S. Our company often works for insurance companies, lawyers and owners in disputes over construction projects gone badly, so this is no surprise to us. Our experience is that only a small percentage of contractors involved in property maintenance or improvement are unscrupulous; unfortunately, many are so incompetent that they might as well be stealing.

Large maintenance projects should be considered “construction projects”, and managed with professionalism and processes. Due-diligence for property managers often requires the collection of apples-to-apples bids for maintenance, repairs and improvements; overcoming the difficulty of getting comparable proposals from contractors requires tremendous effort and professionalism. This article series offers a process through the planning and purchase of construction services to help you avoid common pitfalls that can lead to project shortcomings, physical defects, delays, cost over-runs, legal disputes, and headaches.

For the sake of discussion, we are talking about projects for maintenance or repairs of \$2,000 to \$200,000. For larger projects, we recommend professional construction management help. In truth, we feel projects of \$50,000 or less can be well served with professional help on budgets, bidding, contractor selection, contract development, coordination, and inspection. However, many owners or managers refuse to incur the front-end expense, not having the experience to recognize total project savings.

Growing legal risks, administrative issues, sky-rocketing workers’ compensation costs, increasing fees and taxation, and complicated insurance issues are only a few of the reasons why the price of construction is higher today than ever before. Since the prices are so high, saving a small percentage of total project costs can be quite meaningful. In addition, managing risk and facilitating a smooth operation are reasons enough to use a system for the management of your project. Do not rely on contractors to act professionally – if they do, let it be a pleasant surprise, and when some do not, have a system in place to manage the problem.

The quality of contractors ranges from excellent to criminally incompetent, which can make the process range from complex but satisfying, to nightmarish and costly. Sadly, nice but incompetent contractors might cost the owner more than a competent criminal. Success is more likely if you use a process to guide you in dealing with problem contractors and project pitfalls. Planning is the key. The right activities at the beginning of the project will equip you to deal with the incompetent or the unscrupulous.

### *Our System*

1. Define the Scope of Work (this includes the design phase)
2. Budget: Identify how much the project will cost the contractor and owner
3. Schedule when the construction will happen (and share this information)
4. (K) Contract: Who is doing what? Everyone should know what to expect
5. Coordinate the work
6. Verify, document and communicate that everyone is doing what they should

## Managing Property Maintenance

### 2. THE BIG PICTURE

## 2. The Big Picture

- A. Building Performance and Life-Cycle Management
- B. Property Condition Assessment
- C. Maintenance, Improvement & Repairs
- D. Contracting 101



Managing Property Maintenance
2. THE BIG PICTURE

## A. Building Performance and Life-Cycle Management

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Managing Property Maintenance
2. THE BIG PICTURE

## A. Building Performance and Life-Cycle Management

1. Poor building performance is the failure of an assembly to perform in a manner that should be reasonably expected. A condition that makes the assembly unsuitable for its intended use, or causes damage such that the expected service life is shortened unreasonably or an unreasonable maintenance burden is caused.
2. To avoid poor building performance, buildings in the Pacific Northwest need routine assessment and maintenance.
3. Building Owners should comply with Oregon law (ORS Section 94.595) related to periodic update of their Reserve Study and corresponding Maintenance Plan.
4. The Maintenance Plan or Maintenance Manual should be composed by a building professional with qualifications similar to PFCS, and conform to ORS Section 94.595.
5. The Maintenance Plan / Manual should be coordinated with the Reserve Study.

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## Managing Property Maintenance

### 2. THE BIG PICTURE

#### A. Building Performance and Life-Cycle Management

6. The majority of Maintenance Plans are not composed by building professionals with expertise in construction, maintenance, and building life-cycle analysis.
7. A Maintenance Manual composed by a qualified professional should include (1.) a list and discussion of each building assembly or component (incl. various building-wall components) that require maintenance, (2.) a recommendation for how often each component should be evaluated, and (3.) recommendations / specifications for the scope and method of maintenance and products that could be used, to conform with the predicted service life.
8. Building Owners should maintain the project conforming to the Maintenance Plan.
9. The majority of maintenance and repair work is performed without mindful coordination with the Reserve Study and Maintenance Plan. Specifically, the costs incurred for maintenance are rarely evaluated against the Reserve Study assumptions.

## Managing Property Maintenance

### 2. THE BIG PICTURE

#### A. Building Performance and Life-Cycle Management

Integrated Suite of Documents and Information  
(and ready for action):

1. Components List
2. Property Condition Assessment
3. Maintenance Plan
4. Maintenance Manual
5. Reserve Study
6. Scope of Work
7. Request for Proposal
8. Budget
9. Schedule
10. Contract
11. Construction Management Documentation
12. Warranty Documentation

## B. Property Condition Assessment

10. Property Condition Assessment (PCA): Evaluation of real estate's physical conditions.
11. PCA is the first step in decision making and planning related to building maintenance.
12. Periodic investigations of the buildings (PCAs) should conform with *ASTM E2018 Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process*, but they usually do not.
13. Building Leak Investigations should conform with *ASTM E2128 Standard Guide for Evaluating Water Leakage of Building Walls*, but they usually do not.

## B. Property Condition Assessment

### Property Condition Assessment Process

1. Document Review, Index and Analysis (2 hours)
2. Issues and Components List (Initial Inspection Check-List)
3. Interviews with Persons Most Knowledgeable
4. Walk-Through Survey (Visual Inspection) Preparation and Execution
5. Inspection Documentation Processing and Permanent Electronic Storage
6. Components List – Update (Based on interview and inspection)
7. Property Condition Report

## B. Property Condition Assessment

### Building Performance Investigations

1. Review of Project Documents
2. Evaluation of Design Concept
3. Determination of Service History
4. Inspection
5. Investigative Testing
6. Analysis
7. Report Preparation

## C. Building Maintenance, Improvement & Repairs

14. Often, the specifications for the scope and method of maintenance and products used are decided by the maintenance contractors themselves; their primary motivators are to (1.) get work and (2.) perform work profitably. This creates enormous variation in quality by various contractors. Unfortunately, the variation is often not readily evident.
15. Everyone understands that neither (A.) lowest initial cost nor (B.) sales-people with great relationship skills are predictors of long-term value for building maintenance work. Unfortunately, this is how many building maintenance contractors are selected.

## Managing Property Maintenance

### 2. THE BIG PICTURE

#### C. Building Maintenance, Improvement & Repairs

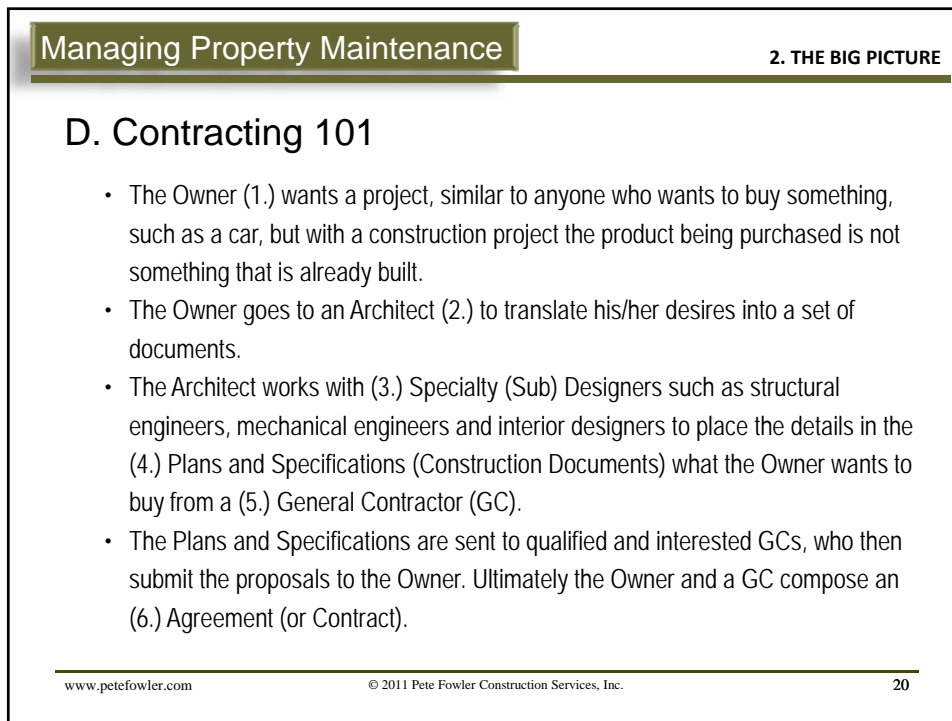
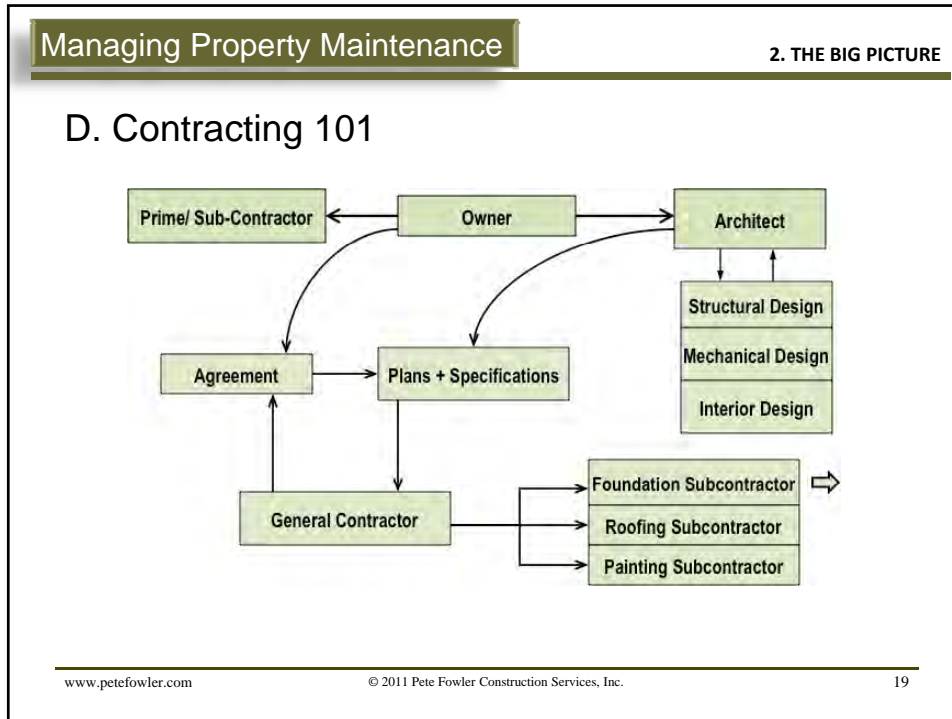
16. The best way to ensure long-term value for maintenance is to have a professional (A.) compose specifications for the Scope of Work, including the method and products (to conform with predicted service life), (B.) package a Request for Proposal (RFP), and (C.) tender the RFP to the market place. Once “apples-to-apples” bids are received, they can be evaluated to select the best fit, which is often **not** the lowest price.
17. Next, Owners need to schedule and contract for the Scope of Work. This almost never includes signing a contract composed by a contractor, which will have none of the minimum protections an Owner should demand.
18. Finally, the work should be coordinated and executed, and a method should be built in to Verify that it conforms with the contract documents.

## Managing Property Maintenance

### 2. THE BIG PICTURE

#### C. Building Maintenance, Improvement & Repairs

1. Purchasing Methods
  - A. Design-Bid-Build
  - B. Contractor Defined Bids
  - C. Cost Plus / Time & Materials
  - D. CM / Owner's Representative
2. Scope and Products / Plans & Specifications
3. Budget
4. Costs
5. Warranties / Guarantees



## Managing Property Maintenance

### 2. THE BIG PICTURE

#### D. Contracting 101

An Agreement (or Contract) for construction is simply "a promise by the Contractor to deliver what is described in the Plans and Specifications and a promise by the Owner to pay for it."

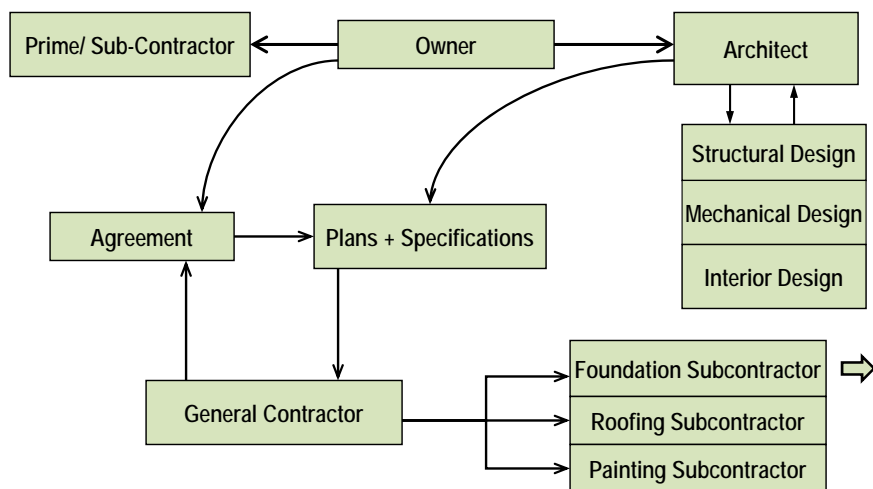
The Agreement refers to the Plans & Specifications and should include the Scope of Work including: Inclusions and Exclusions, Allowances, a provision for handling Change Orders, and Payment Milestones or a Schedule of Values. GCs usually hire (7.) Subcontractors, who are specialists in their respective trades, to help deliver what has been promised in the Agreement.

There is nothing in this scheme which prohibits the Owner from hiring (8.) Prime Contractors (Specialty / Trade / Subcontractor) directly for work that is not in the Scope of Work in the Agreement with the GC.

## Managing Property Maintenance

### 2. THE BIG PICTURE

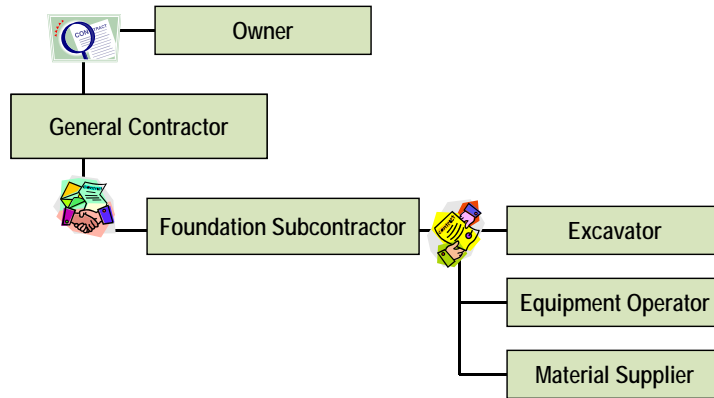
#### D. Contracting 101



## Managing Property Maintenance

### 2. THE BIG PICTURE

#### D. Contracting 101





Date:	February 10, 2012
To:	Property Owners and Managers
From:	Peter D. Fowler, President, Pete Fowler Construction Services, Inc. (PFCS)
Regarding:	Further Discussion re: Property Condition Assessment and Maintenance

## Further Discussion

### *Building Performance and Life-Cycle Management*

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### *Our Company*

19. Our goal is to deliver **real practical solutions**. Not all our competitors have this focus.
20. We have been in business since 1995, have 3 offices, and maintain professional liability insurance.
21. We have wide and deep experience in performance analysis on thousands of buildings.
22. We are industry experts who combine technology and process with experience and analytical skill, to think hard about **real practical solutions** for your property.

## PFCS Resources

Related to property inspection, testing, maintenance, repair and improvement:

1. Property Condition Assessment Using ASTM E2018 seminar/webinar
2. Evaluating Water Leakage of Buildings Using ASTM E 2128 seminar/webinar
3. Managing Property Maintenance, Repair and Improvement whitepaper
4. Managing Construction Quality whitepaper
5. Construction Cost Estimating seminar/webinar
6. Dangers of Mold article (Published by Window and Door Magazine)
7. Mold Management seminar/webinar
8. Construction 101 seminar/webinar
9. Introduction to Roofing seminar/webinar
10. Building Wall Design & Construction seminar/webinar
11. Contracting 101 seminar/webinar
12. DBSKCV Construction Management Method whitepaper
13. Building Inspection & Testing seminar/webinar
14. Window & Door Installation seminar/webinar
15. Building Codes & Standards seminar/webinar
16. Analyzing Construction Defects seminar/webinar
17. Common Construction Defects article (Published by Journal of Light Construction)

### 3. The DBSKCV CM Method - Overview

1. Define
2. Budget
3. Schedule
4. (K) Contract
5. Coordinate
6. Verify



Managing Property Maintenance

3. DBSKCV - OVERVIEW

## A. The DBSKCV CM Method - Overview

Define the Scope of Work (this includes the design phase).

Budget: identify how much the project will cost the contractor and owner.

Schedule when the construction will happen (and share this information).

Contract: Who is doing what? Everyone should know what to expect.

Coordinate the construction.

Verify, document and communicate that everyone is doing what they should.

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Managing Property Maintenance

3. DBSKCV - OVERVIEW

## B. Menu of Deliverables

Define

Plans  
Details  
Schedules  
RFI  
Scope of Work

Verify

Inspection Checklists  
Field Reports  
Hold Points  
Punch Lists

The screenshot shows a detailed checklist for the DBSKCV Method (Contractor). It is organized into six main sections: Define, Budget, Schedule, Contract, Coordinate, and Verify. Each section contains a list of specific deliverables and tasks, such as 'Develop Construction Schedule', 'Obtain Permits', 'Coordinate with Design Team', and 'Verify Construction Quality'. A red line is drawn across the 'Define' section, and a blue line is drawn across the 'Verify' section, corresponding to the boxes on the left.

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## Managing Property Maintenance

### 3. DBSKCV - OVERVIEW

#### C. Key Documents

1. Plans
2. Specifications
3. Scope of Work
4. Budget
5. Estimate
6. Schedule of Values
7. Expense Log / Register
8. Allowance Schedule
9. Project Schedule
10. Request for Proposal
11. Addendum
12. Prime Contract
13. Contract Addenda
14. General Conditions to the Contract
15. Subcontract
16. Change Order
17. Purchase Order
18. Daily Log
19. Meeting Agenda / Minutes (Notes)
20. Project Contacts Register
21. Application for Payment
22. Lien Release
23. Punch List
24. Insurance Certificate
25. Inspection Documentation