

Real Estate Construction Principles: Assignment No. 2	
E-mail completed assignment to <a href="mailto:Ahandfin@nova.edu">Ahandfin@nova.edu</a> by 5:00 PM EST on Friday, 4/17/2020	
Student Name	Adam Franklin
Date	4/17/2020

Name of the Proposed Project: 5<sup>th</sup> and 8<sup>th</sup>

### Construction Contracting

#### **What type of agreement do you prefer, Stipulated Sum or Cost-Plus/GMP?**

I would prefer the Cost-Plus/GMP over a Stipulated Sum. First, with a Stipulated Sum agreement there is a fixed price I would pay, which is good, but a general contractor could easily cut corners unbeknownst to me and make a hefty profit. I would choose a Cost-Plus/GMP agreement for several reasons. I believe it provides more flexibility especially if designs and/or materials change. It also shows me the details of how much everything costs. Another plus with the Cost-Plus/GMP is there is a maximum price. If there are cost overruns they would fall on the general contractor. I would like to bring the general contractor in during the design process as well, and more times than not a Cost-Plus/GMP is usually used in that situation.

#### **Describe the process by which you are going to select a contractor. What factors are you going to consider?**

The factors I would consider when selecting a contractor are the same from the first assignment with a couple of additions. As I mentioned in the first assignment, I want a contractor who does quality work, has an unquestionable reputation and an up-and-comer. However, I would also ask for references from the contractor and contact each one of them to verify the contractor's ability. The last factor I would add is more research into the contractor with a focus on their financial stability, ensuring they have adequate cash flow.

#### **At what point in the process do you intend to involve the contractor, during the creation of the design documents or after? Why?**

I want to bring the contractor in early during the design process. The contractor's expertise is useful during the design process, especially in regard to the costs. With early information of costs it is easier to change the design if needed. The contractor can also provide insight into the feasibility of certain design aspects too. For instance, something may look good on paper but not work in reality, or a certain design aspect will work if constructed a differently.

#### **Following the discussion in Class No. 2 regarding building efficiently and "Value Engineering", what components of your original concept could you change to have substantially the same value to the end user (and/or the same revenue to you as the developer) while reducing the cost of construction?**

In regard to "Value Engineering", I do have a few ideas that could reduce construction costs but still retain the value. My first thought is the store fronts for the retail stores on the ground floor. Instead of having four retail spaces we could change it to two. There would be two less doors and less glass in the storefront. Also, if there were only two retail spaces we could increase the size of the apartment lobby or add an amenity for the people living in the building. I would also look into the cost of the large windows on the

east and west facing sides. Instead of a large window running most of the length of the building we can have several smaller size windows.

**Please list the types of insurance policies you will require the contractor to purchase. Please also list the insurance policies you will purchase as the Developer**

The contractor must have commercial general liability insurance. I would also require the contractor to have completed operations insurance, in case something happens after the project is completed. Also, depending on the size of the project I may require the contractor have an umbrella policy. I would also require that I am named as additional insured on all of the contractors insurance policies. There is also the possibility that I may require the contractor to secure a performance bond and subcontractor default insurance. As the developer, I would have a general liability insurance policy as well. I would also have an umbrella policy and a "builder's risk" policy. Depending on the project, I would look into environmental insurance. The other two insurance products I would secure are professional liability insurance and a wrap-up policy.

**Feedback From Assignment #1**

My project is a three-story mixed-use development with retail and residential. There would be four retail spaces on the ground floor that are approximately 1250 spft. I would consider constructing only two retail spaces that will cut costs and allow for a larger lobby for the apartments or an extra amenity for the residents. On the two floors above the retail there will be eight apartments with four on each floor. Each apartment will be approximately 1250 spft with a 50 sqft balcony. Each apartment has one bedroom and one bathroom.

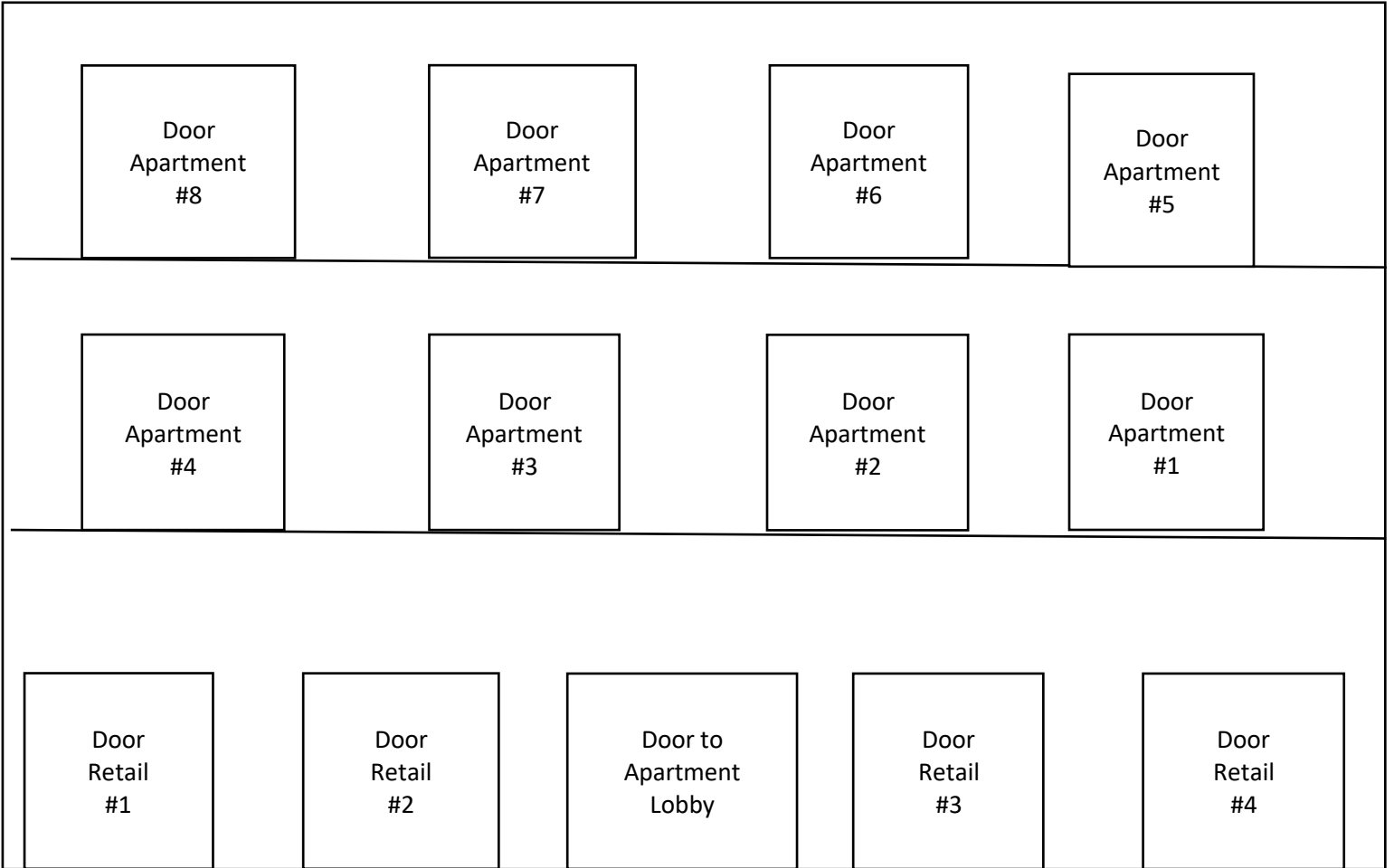
I found a secondary contractor to use in case I cannot use Contempo Construction. After some research I discovered Maranata Construction. They are a local company and have positive reviews. They do have experience in both commercial and residential projects. I saw some of the projects they worked on and I liked quite a few of them. Of course I would prefer to use my first choice because of personal recommendations given to me by friends in the industry.

**Conceptual/Schematic Design**

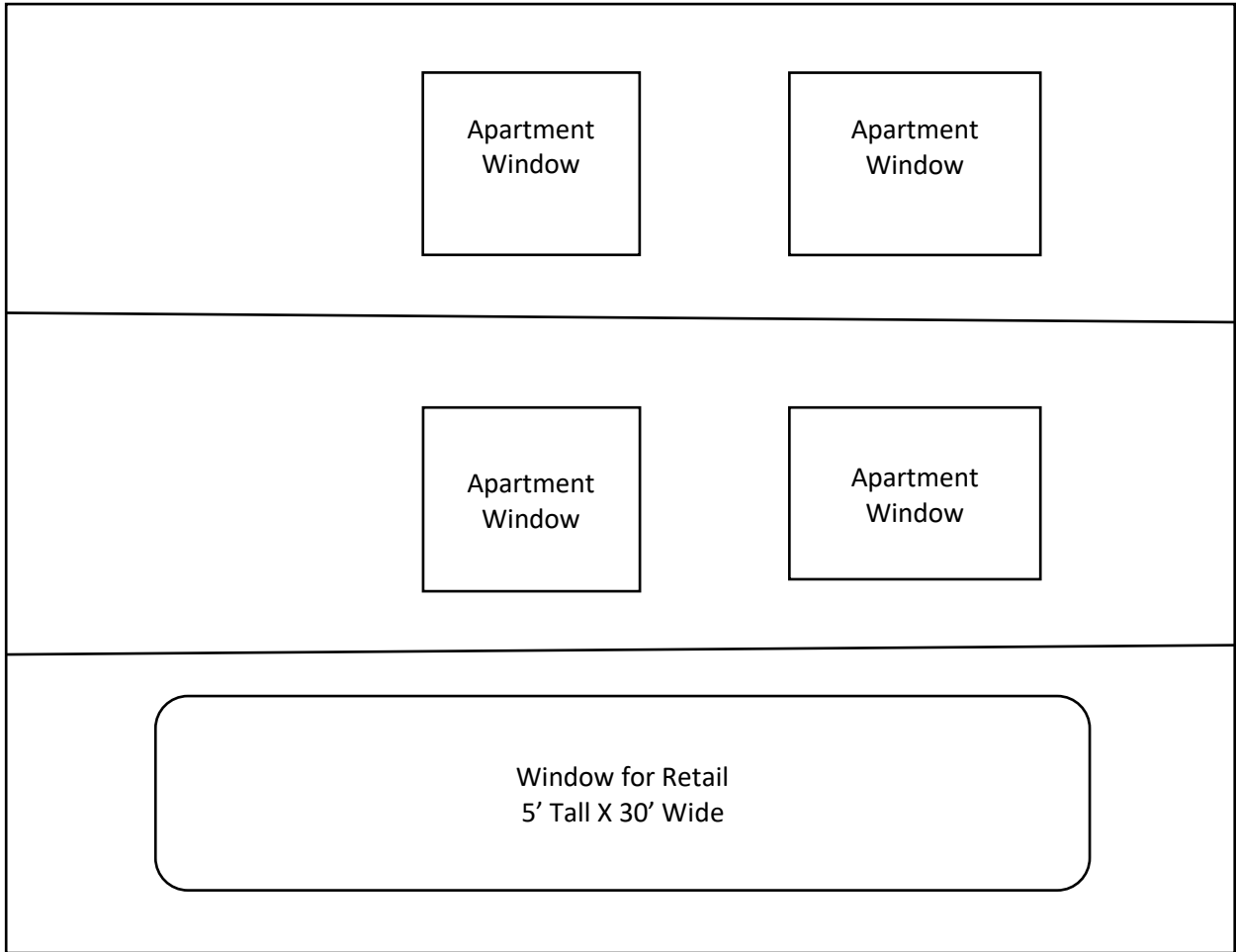
South View Facing SW 8<sup>th</sup> Street  
45' High X 75' Long

Apartment #5 Window and Balcony	Apartment #6 Window and Balcony	Apartment #7 Window and Balcony	Apartment #8 Window and Balcony
Apartment #1 Window and Balcony	Apartment #2 Window and Balcony	Apartment #3 Window and Balcony	Apartment #4 Window and Balcony
Door Retail #1	Door Retail #2	Door Retail #3	Door Retail #4

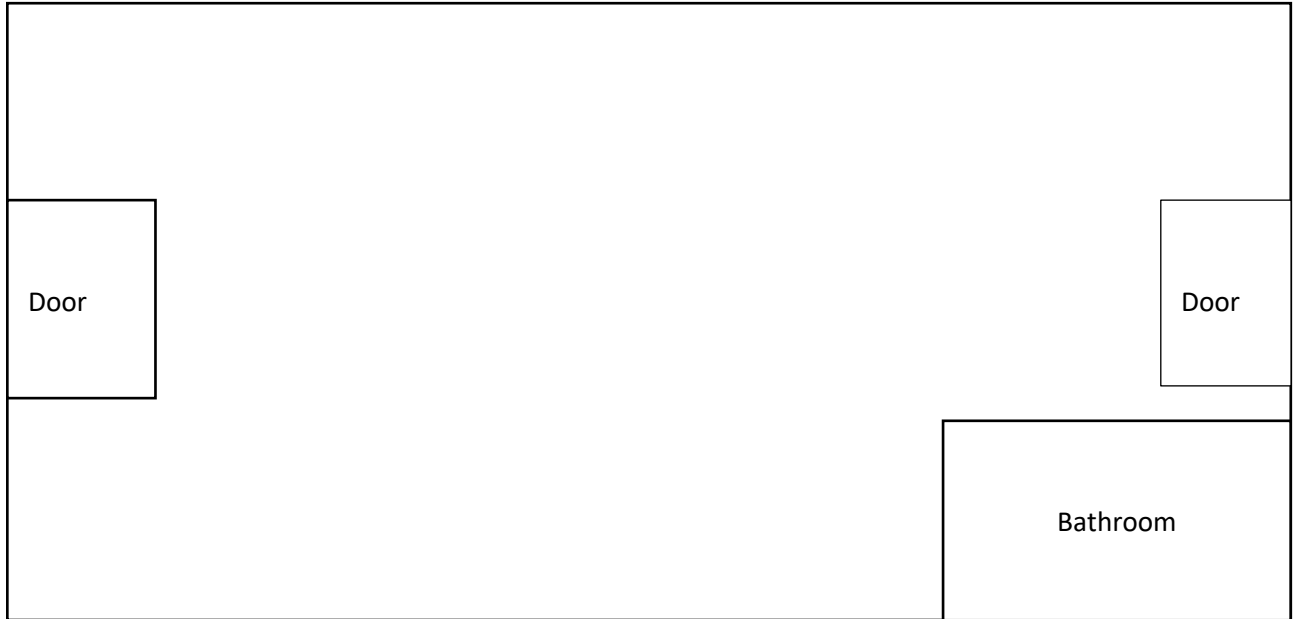
North View Facing the Parking Lot  
45' High X 75' Long



East Side View Facing SW 5<sup>th</sup> Ave  
45' High X 50' Long  
(Identical to the West Side)



Sample Floor Plan For Retail  
Entrances on Both South and North Sides  
1250 sqft



Sample Floor Plan For Apartments  
Entrance on North Side  
1250 spft Interior  
50 sqft Balcony

