Shovel Ready
Tips to Delivering More Infrastructure Per Dollar

America is the wealthiest country in the world, yet it ranks 13th in overall quality of its infrastructure, according to the United States Government.[1] If current proposed measures are passed, considerable funds will pay for updates to our highways, bridges, airports, schools, transit systems, drinking water and more. While this is exciting news, we need to prepare for an influx of funds and spend funds wisely to stretch each dollar.

In addition to the aging infrastructure, most organizations are challenged with aging workforce and are experiencing personnel shortages to fill vacant positions. So, if organizations are struggling to keep up with the current day-to-day workloads, how will organizations handle an influx of projects and funding? While resources are scarce, the public (and government) still demands fiscally responsible spending and sound construction controls. Below are several tips for working with limited resources when workloads rise due to significant increases in capital construction across our nation.

Tips for Project Owners

— **Control your contract** – The Owner is footing the bill for the construction project; therefore, the Owner should be in control of the contract. Do not allow the contractor to "draft" the contract. In addition to your attorney's review, engage an experienced construction controls professional to offer redline suggestions to the contract to reduce/minimize your risk.

— **Leverage contract management systems** –Contract management tools to track contracts and compliance will free up resources (and room in file cabinets). Contract management tools should leverage artificial intelligence (AI) and machine learning (ML) to automatically flag certain provisions and can easily track compliance using project data.

— **Establish clear guidelines** – Your contract should clearly identify roles, responsibilities and requirements around change order communication/approvals. At minimum, require monthly project meetings and monthly risk registers to show known and probable risks (potential change orders), along with proposed alternatives.

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[1] Source https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/

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— **Set fair and reasonable evaluation criteria** –
Construction contracts often incentivize the Contractor
for completing the project on time and under budget.
However, if the project deviates substantially, it can
be difficult for the Contractor to get back on track
and become eligible for future incentives. Evaluating
progress/contractor compliance on a quarterly basis helps
"reset" and allows the Contractor to become eligible for
incentives if they get the project back on track, instead of
the common "all or nothing" approach.

— **Be involved** – Require the Contractor to seek the Owner's
approval for subcontractor selection, scope of work
approval, and any other substitutions. You do not want
to be in a situation where you don't fully understand the
project's value, remaining work to be completed, or are
unsure who is performing the work.

— **Trust but verify** – Always audit the cost of work.
Mistakes happen; costs are not invoiced properly and
sometimes, the wrong costs are invoiced to your project.
Construction audits generally have a significant return
on investment and are excellent tools to hold all parties
accountable.

Tips for Contractors

— **Begin with the end in mind** – While it is encouraging
to see business increase, do not lose sight of contract
compliance requirements. Too often, contracts are
signed, filed away and never looked at again. Large
projects often have a myriad of reporting requirements
from prevailing wages, lien releases, union filings, change
order notifications and more; be prepared and keep track
of compliance throughout the duration of the contract.

— **Seek clarity** – Ambiguity is often extensive in
construction documents. If a term or compliance
requirement is unclear, seek clarity as soon as possible.
Third-party construction controls professionals are
often engaged to provide clarity around ambiguous
contract language or reporting requirements. Draft a
memorandum of understanding to further define contract
provisions if needed.

— **Be proactive** – Most major construction projects will
be audited as some point. Consider engaging a third-
party audit firm to perform an internal review of the
project billings, change orders and other compliance
requirements. When conducted early, these internal
reviews allow the Contractor to identify and correct any
issues before uncovered by the project Owner.

In conclusion, understanding what was agreed to and
tracking compliance is key to project success. Leveraging an
independent construction controls professional allows the
Owner and Contractors to focus on their core business and
reduces budget surprises. If your team is fully committed
with existing projects and additional work is added, they
will not have enough time to devote to all projects. Seeking
supplemental assistance and shifting responsibilities to an
independent construction controls professional is wise.

ADAM ROUSE
Senior Director
832.667.5205
adam.rouse@fticonsulting.com

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