



A lawyer discusses hiring consultants on construction projects: Where do I begin?

February 23, 2015 - New York City

As a construction attorney, I am often asked by clients thinking about undertaking a construction or renovation project "Where do I begin?" This article discusses the types of consultants who guide clients through this complex process. There is so much renovation and construction work occurring in New York City at the moment that the services of various construction consultants and specialty trades have become increasingly important and in demand both on commercial and residential projects alike.

On commercial projects, let's say that you are a small to medium-size company in need of substantial renovation work in your new or existing offices. You are big, but not big enough to have a facilities department within the company to organize and oversee the project that you plan to undertake. You may have good staff with design ideas and business acumen to oversee the interests of the company, but more expertise is needed. You need someone "on your side" who speaks the same language as the architects and the contractors and who is working on your behalf, without the same profit motivation that the others on the project may have.

On the residential side, there is the same need. In fact, many residential projects in New York City at the moment have construction budgets larger than some commercial projects. Some co-op and condo apartment owners are buying multiple apartments and combining them into huge spaces. Some are even buying townhouses and adding floors or buying more than one townhouse and combining them into mansions. The interior decorating may be different, but the complexity of these residential projects is the same as commercial projects.

These projects require the services of construction consultants to assist the clients with the vast number of issues they need to deal with and the dollars being spent. When these consultants work for the clients directly, they are called "owners reps," short for "owners representatives." They are like "you," but they know about construction. These types of consultants do not hire any trades. They work with the clients and make recommendations and assist them in organizing and coordinating the projects. Sometimes just having someone who can keep track of all the invoices and the deposits and payments is very useful, since the paperwork can be enormous. There are invoices, warranties and product manuals on every aspect of the project.

Some consultants focus on giving advice about "pre-construction" matters. They can be similar to owner's reps, but often they go on to be involved in the actual construction process. These consultants are known as "construction managers." They assist clients in organizing the various phases of the work, but then they go out into the market place on behalf of the client to obtain bids from various trades needed for the work. Some individuals perform these pre-construction services solely as consultants and do not hire any trades. They just give the client advice and direction.

This is very different from general contractors who evaluate projects and give clients bids, usually a

flat fee price which they will charge the client for the work. The construction manager, by contrast, gets a fee or a percentage for his services which enables him to have the freedom to go out into the market place and try to get lower prices for the client in different categories of the work, while still making money for his services. The owner's rep may be paid hourly, depending on the size of the project, or a flat fee.

There can be many types of consultants that need to be retained and coordinated. There can be mechanical engineers, structural engineers, even special home security and cable consultants. Most existing spaces do not have enough electrical load to run all the new equipment that is being installed, so there is usually a consultant handling the upgrade. There may be security cameras and outside maintenance companies.

There are many issues that arise during construction where you need someone on your side to advise you about what needs to be done and what is a reasonable amount to pay. Owner's reps can be very helpful in micro-managing the project in that fashion.

When some of these projects are completed, they can be like running a hotel where you need a full-time maintenance staff. They can have elaborate heating, ventilating and air-conditioning systems that require great expertise to operate. If owners travel a great deal, they may need a consultant to monitor these systems to be sure that pipes don't freeze and they are operating properly. One townhouse owner did not know how to operate their heating system, since there were many floors in the building and different controls all over.

All of these consultants have contracts and insurance that must be reviewed by legal counsel.

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