

# FAS Construction Management, Inc.

*Finding A Solution*



## Services Guide



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***Finding A Solution***

**Mission Statement:**

Construction and financial professionals dedicated to the integrity and accountability of the construction process throughout the United States, Canada, Mexico and South America.

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# FAS Construction Management, Inc.

FAS is a leader in construction consulting and risk management. Since 1995, FAS has been assisting lenders, owners and contractors with commercial construction throughout the United States, Canada, Mexico, and South America. There are many benefits to utilizing FAS, including:

- **A Proactive Approach to Minimizing Risk before and during the Construction Process**
- **Expertise & Experience in Multiple Facility Types**
- **Lien Risk Mitigation via Funds Control (CRM)**
- **Network of Financial Sources**
- **Web Reporting / Central Data Repository**

FAS is comprised of architecture, engineering, construction, real estate, accounting, and information technology professionals. With this expertise as its core, FAS develops and delivers faster, better and more efficient solutions to our clients.

Our **VISION** is to find solutions that change the way the industries operate,

Our **MISSION** is to find solutions that exceed our partners expectations,

and our **PURPOSE** is to create value by finding solutions.



# Construction Risk Management

## Initial Project Review (IPR):

An IPR is essential to ensure the appropriate documents are in place to adequately describe the scope of work, responsible parties, project cost and payment procedures. As a minimum, FAS recommends that the following items be reviewed during the IPR:

1. Project Drawings and Specifications
2. Contractor's Detailed Cost Estimate
3. Owners and Contractor Agreement
4. Professional of Record Certification

The **Project Drawings and Specifications** are reviewed for their adequacy to describe the scope of work and types of materials used in the construction of the project. If these documents lack the necessary detail, the likelihood of misunderstandings between the owner and contractor increase dramatically. Poor drawings and specifications can result in inaccurate bids, excessive change orders and/or expensive litigation.

The **Contractor's Detailed Cost Estimate** is reviewed and compared to national pricing standards and information that FAS has within its system concerning projects of similar type and size. If the cost estimate is unreasonably low, the contractor might not be able to complete the project and may engage in shortcuts on quality to keep his costs to a minimum.

The **Owner and Contractor Agreement** is reviewed to determine if it adequately describes the cost of construction, payment process, retainage to be held, change order process, dispute resolution process, duration of construction and definition of project completion. All of these topics will have to be addressed sometime throughout the life of the project and it is very important to have these issues decided prior to construction starting. If left to discuss at the time a problem occurs, the owner has lost significant negotiating power and the project will likely incur a slowdown or work stoppage.

The **Professional of Record Certification** is a form developed by FAS that requires the project architect or engineer to address issues regarding the design of the project. The professional of record certifies this document and provides a copy of his seal to confirm the following:

- That the project has been designed in accordance with applicable building codes, zoning requirements, Americans with Disabilities Act of 1990 (ADA) and National Earthquake Hazards Reduction Program (NEHRP).
- That the project has been designed in accordance with the recommended guidelines established in the project's geotechnical investigation.
- Designate the level of construction administration services to be conducted on the project.



FAS may also review the following additional information as required by the Lender:

- Geotechnical Report (Sub-soil Investigation Report)
- Environmental Site Assessment
- Contractor Qualifications
- Owner and Architect Agreement
- List of Subcontractors and Suppliers

FAS will furnish a detailed report outlining our findings to alert the lender to potential problems and also assess the risk for their consideration. Our report turn-around time is five (5) business days after receipt of proper documents.

#### **Pay Application Reviews (PAR):**

FAS visits the project site to review the contractor's application for payment and document the progress of the work. FAS will compare the general conformance of the work to the drawings and specifications and that the monies requested by the contractor are for work actually completed. During this review FAS performs the following tasks:

- Review the contractor's application for payment for proper completion and execution.
- Review each line item for which monies are being requested to determine if the work is completed to the corresponding percentage complete.
- Review any changes in the work, either identified or considered, and comment to the lender on the impact of the change in the project scope, budget or schedule.
- Require any proposed changes in the work to be approved by the lender (in addition to the owner, architect, and contractor) prior to recommending payment.
- Collect the general contractor's Conditional Release of Liens for the current application and an Unconditional Release of Liens for the previous application.
- Provide photographs to document our findings.

We will prepare a detailed report outlining our findings to alert the lender to any potential problems and suggest payment terms to the general contractor. After receipt of required documents, our report turn-around time is seven (7) business days which includes a visit to the project site.



Additional services to further reduce risk:

**Add- Review of Subcontractor and Supplier Lien Releases:**

After review of the Pay Application as described above, FAS can offer additional protection by providing a review of the subcontractor and supplier unconditional lien releases one month in arrears. The general contractor is required to submit a notarized affidavit listing those subcontractor and suppliers paid with the proceeds of the previous pay application. FAS will compare the lien releases provided against the listing to determine proper payment.

**Add- Review of Subcontractor and Supplier Invoice Support:**

After review of the Pay Application as described previously and providing a review of the subcontractor and supplier unconditional lien releases one month in arrears, FAS can offer even greater protection, by reviewing the invoice support from the subcontractors and suppliers. These invoices help to substantiate the general contractor's claims for these funds and to whom the funds belong.

**Add- Issue checks to General Contractor, Subcontractor and Supplier Level**

After review of the Pay Application as described previously and review and collection of subcontractor and supplier invoices and lien releases, FAS will issue checks for the the approved amount to the subcontractors and suppliers. FAS recommends payment based upon review of work completed, review of general contractor's and subcontractor/supplier invoice support and lien releases. FAS will recommend payment and provide wiring instructions for the lender to send funds to FAS for issuance of these checks. The checks are prepared along with matching lien releases and sent to the general contractor for distribution. Thus, the general contractor can maintain control of the funds but not use the proceeds for any project other than intended. FAS has bundled all the services described above to provide for ease of ordering as "Full Construction Risk Management" (described below).

**Full Construction Risk Management (Full CRM):**

Full Construction Risk Management (CRM) is a combination of our services listed above. FAS believes the combination of these services offer the best protection for a lender on a construction project. FAS will review the application for payment to verify the monies requested are for actual work completed. After a review of lien releases, subcontractor and supplier invoice support and supporting documentation required of the contractor, FAS prepares individual checks to be paid directly to the general contractor, subcontractors and suppliers for their specific parts of the work and collects the lien waivers to help ensure that the project remains lien free. These checks along with the lien releases are sent to the general contractor for distribution to each party. With the meticulous FAS record keeping procedures, the owner, lender and contractor will receive tremendous value.



# Project Management

Our objective is to use the expertise of our project managers to relieve owners and developers of the burden of managing the development and construction process. FAS project managers will assist in the selection of qualified architects, engineers and design professional to take a vision or idea and develop a set of plans and specifications.

Once a design team is chosen, FAS will assist the client in the development and/or review of the following:

- Owner and Architect Agreement
- Drawings and Specifications
  - Programming Phase
  - Preliminary Design Phase
  - Design Development
  - 50% complete Construction Documents (including draft of specifications)
  - 90% complete Construction Documents (submitted for permitting and pricing)
  - 100% complete Construction Documents (submitted for construction)
- Proposed Project Budget
- Proposed Project Schedule
- Value Engineering
- Identification of Qualified Contractors
- Solicitation and Evaluation of Proposals
- Contractor Selection process
- Contract between Owner and General Contractor
- Building Permits Approval / Exceptions
- Bonds and Certificates of Insurance

FAS takes this leadership role very seriously and will work diligently to ensure these preconstruction items are handled correctly because this will lay the ground work for a successful completion.

Continuation of Project Management services are the same as Construction Management services, which are detailed on the next page.



# Construction Management

Once the FAS preconstruction Project Management services have brought the project to the selection of the contractor stage, FAS Construction Management services provide the following:

## **At start of Construction:**

- Schedule and administer Pre-Construction conference
- Receive and review Contractors detailed Construction Budget
- Receive and review Contractors detailed Construction Schedule
- Update Project Budget and Schedule
- Establish procedures for expediting project correspondence between Contractor, Architect and Owner

## **During Construction:**

- Visit the site weekly or as scheduled with the Client
- Attend weekly construction progress meetings as Client's Representative
- Review RFI logs, submittal logs, change order logs and testing report logs
- Review Contractor's monthly Application for Payment
- Assist Architect and Contractor in Resolution of Drawing Conflicts/Clarifications
- Review Change Orders
- Prepare Monthly Project Progress Report for Owner

## **At Construction Close-Out:**

- Assist Architect in preparation of Punch List
- Coordinate Correction and Completion of Punch List
- Coordinate Receipt of final Text Reports
- Review Contractor's Final Application for Payment including Retainage
- Coordinate receipt of Close-Out Documents
- Coordinate training of Owner's maintenance personnel
- Prepare Final Project Report



# Additional Services

## **Project Status Review (PSR):**

This service is recommended for projects where FAS services were not originally requested and the project has been stopped and will be restarted, often with a new contractor. In this instance, a detailed site visit to review several pay applications is typically required along with a photographic record of the site at the time of the visit. The PSR will include a review of the quantity and quality of work in place. A conceptual cost estimate to complete the work is provided as well as comments on other pertinent issues identified by FAS that may effect completion of the project.

## **Property Condition Assessments (PCA):**

This is a service to review the condition of an existing building and its surroundings prior to purchase or development. FAS tours the facility to determine issues that may affect current value and projected maintenance or repair costs. FAS will review the major building components and review for compliance with national life safety and federal accessibility requirements.

## **Site Assessments (Developability Review):**

This is a service to review an undeveloped piece of property prior to purchase or development. FAS will assess the potential development hazards for this property. A review will be conducted of the environmental site assessments, geotechnical reports, wetlands issues, endangered species issues, archeological issues, zoning, permitting, site access, development fees, utility capacity and other pertinent reports and findings.

## **Feasibility Review:**

This is a service to review the budgetary pricing and provide an in-house cost estimate. FAS will comment on the viability of the contemplated construction and review geotechnical and soil reports. FAS will also create a detailed construction budget for development and a construction timeline to include milestones. FAS will comment on potential problems including items impacting construction, zoning and environmental.

## **Construction Audit:**

This is a post-project review of the project finances and construction costs to determine if the construction funds were properly allocated, based upon construction contract and changes in the work.

## **Programming:**

This service assists the owner/developer in developing a standard set of design documents with specific construction and aesthetic standards. FAS has performed this for several warehouse developers. These standards allow for the needs of the developer to be closely maintained ensuring a more successful product.



## Contact FAS

FAS is a leader in construction consulting and risk management. Our approach has enabled our clients nationwide to grow their business, manage risk, reduce overhead expense and generate greater profits. While our methods are standardized, our service is flexible. Products, programs and services are developed based on the needs of our customers and our ability to deliver valuable solutions. FAS stands for “Finding A Solution”, which we strive to accomplish for our clients daily. Call us if there is ever anything we can do to bring new solutions to you.

For questions regarding our services, please contact an FAS office:

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