

Understanding the factors that lead a client to hire a 3rd Party Construction Manager

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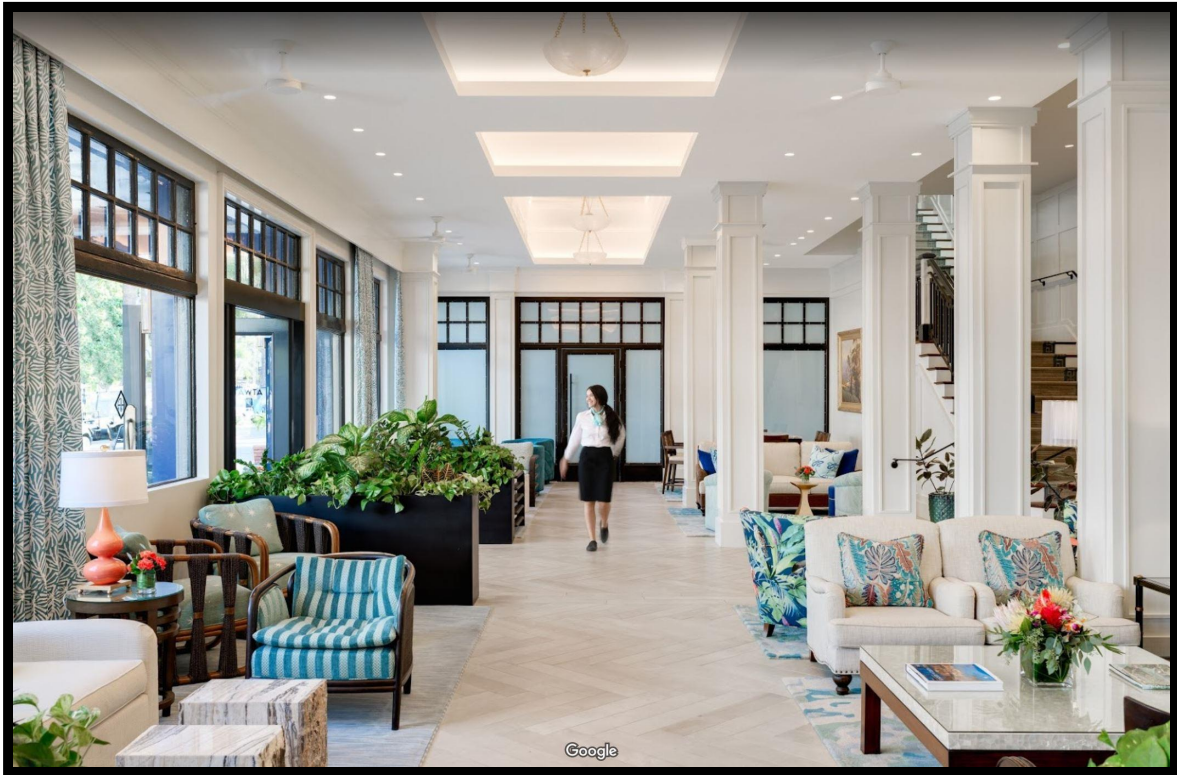
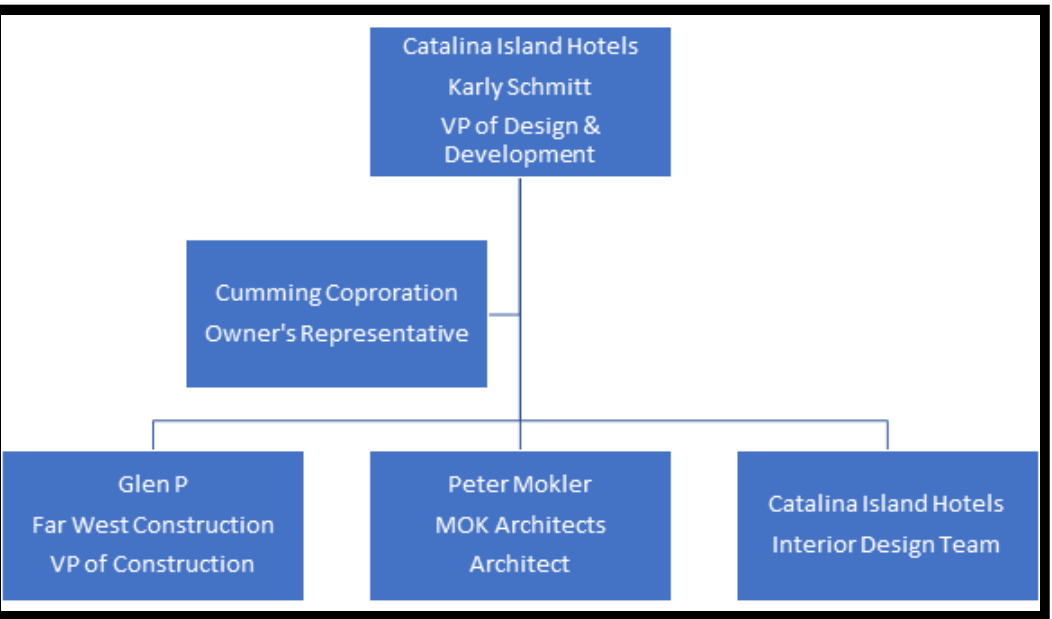
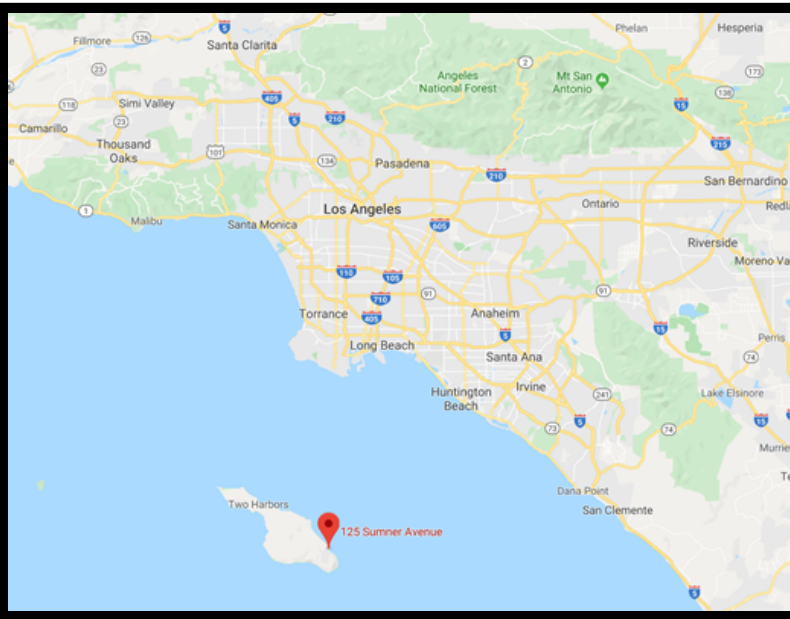
Abstract:
Many construction management students are unfamiliar with the project management for fee industry and the relationship between a construction manager and a project owner. Construction Management programs typically teach their students the variety of project delivery methods available to a client for their project. The Agency-CM project delivery method is not the most common project delivery method, and students have expressed interest in learning more about this side of the construction industry. This senior project will illustrate (3) different real-world projects where former clients chose to hire Cumming Corporation as an 3rd party Construction Manager and what factors drove them to seek their services. Each client had a different reason for hiring a 3rd Party Construction Manager, and this project will aim to differentiate and categorize these varying motivations. The information for this project was derived from 2 summer internships in 2018 and 2019 with Cumming Corporation, and will be presented in a case study approach. This paper creates greater awareness and knowledge as to why clients hire a 3rd party Construction Managers and allows students to better understand if this is a career path of interest to them.



Project Timeline	February 2018 – November 2019
Estimated Project Cost	\$14.5M
Project Size	96 Room Hotel with 4 suites, Lobby, and Retail
Project Scope	Remodel Guest Rooms, Hotel Lobby, and Hotel Exterior
Challenges particular to the project	<ul style="list-style-type: none">• Catalina Island Location• Changes in Owner's Executive Management Team• Unsophisticated General Contractor• Scope Creep
Ownership Background/ Experience	Catalina Island Hotels has been a long-time owner of the property and was familiar with the challenges of building on the island. However, the hotel company went through some executive management changes in the middle of this project. The incoming VP of Design and Development, Karly, had an architecture background.
How and Why Cumming was brought on to help	Cumming was brought on to this project for a few reasons: <ol style="list-style-type: none">1. The project had grown considerably from what was expected to a \$3-4M bathroom remodel of all guest rooms to a \$14M complete renovation including new décor, artwork, furniture, and hotel branding. Only the floorplans and structural frame remained the same.2. There had been an uncontrolled growth in the scope of the project because the hotel was originally constructed in 1920, and every time areas were opened or modified, challenges were encountered.3. The contractor had been repeatedly behind schedule and was struggling to effectively manage their subcontractors. More specifically, there was trouble bringing in enough laborers on the island to meet the proposed deadlines.4. There was over 150 PCOs generated from this project and many were completely unresolved, while construction continued.



Project Timeline	2018-2021
Estimated Project Cost	Multiple Properties (3) with project costs ranging from \$1M to \$10M
Project Size	<ul style="list-style-type: none">• 10 Unit Luxury Condominiums (West Hollywood)• 32 Unit Apartment Building (East Hollywood)• 1 Creative Office Renovation (Silver Lake neighborhood)• (2) New Ground Up Projects, with (1) Repurposing
Project Scope	
Challenges particular to the project	<ul style="list-style-type: none">• This is a small building program as opposed to a singular project.• Projects are not large enough that large general contractors will be competitive. Therefore, they have to seek smaller general contractors that can be less professional at times.• Managing multiple projects at once.
Ownership Background/ Experience	PDC Partners are a new, up and coming real estate development company in Los Angeles. The owner and his partner are both under 40, which is quite young in the real estate business. One of the partners Zack has an investment brokerage background, and the other has a diverse real estate background. PDC has built custom SFRs, some offices, but they are starting to enter the multi-family residential market.
How and Why Cumming was brought on to help	Cumming was brought on to this project for a few reasons: <ol style="list-style-type: none">1. On an unrelated project currently in progress, PDC was experiencing massive headaches with delays and cost overruns. The general contractor on that project was struggling to meet deadlines.2. PDC also sought Cumming's in-house cost management to get a better idea of what costs they could expect for these new projects. They wanted to compare our estimate to the estimates they had, when they were doing their bid spreads and their contractor selection process.3. PDC does not have in-house construction professionals, to use as a resource and PDC wanted to have a 2nd opinion due to their lack of experience managing construction.



Project Timeline	In Pre-Construction, construction starts Q1 2020
Estimated Project Cost	Goal of \$350M, likely will be higher
Project Size	38 Story Office Tower – 730,000 SF
Project Scope	Ground up construction of office tower with subterranean parking and small retail component
Challenges particular to the project	<ul style="list-style-type: none">• First New Construction LEED Platinum High-Rise in Los Angeles• The project has been started and shelved twice before• Lot is over to be constructed Metro rail line expansion• This is not the developer's home market
Ownership Background/ Experience	CHI Realty is from Chicago. They have owned the land for many years and have presented at various different times, different developments for this plot of land. CHI Realty is an experienced real estate developer, and already owns real estate within the Century City neighborhood.
How and Why Cumming was brought on to help	Cumming was brought on to this project for a few reasons: <ol style="list-style-type: none">1. This specific project had been started and cancelled, twice before. Once around 2005, and once again around 2012.2. Due to this on and off nature of the project idea, the client sought the assistance of our in-house cost management to get better insight into what price they could expect to pay in 2020 with this new design.3. The metro system is expanding in West Los Angeles and this site has a planned stop within the property. Cumming has worked extensively with LA Metro in the past and can help with regulatory compliance of building with Metro.4. They want to control the project cost as much as possible, and many preliminary estimates from the general contractors had come in much higher than expected. (\$500M)5. They wanted to fast-track the project and wanted design-build services from a glazing contractor, due to the unique geometric shapes of this project. Cumming assisted with drafting an RFP for this scope,



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