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Warm regards,

The Construction Management Certification Team

We encourage you to approach each lesson with curiosity and enthusiasm as you pave your way

Chapter

3

General Conditions of the Construction Contract

There is often a great deal of what appears to be *boilerplate* material in the contract for construction and the specifications manual. The tendency is to skip over this material, because it is tiresome and boring; but it should be thoroughly read because it contains valuable information. One such document that the project superintendent will frequently encounter is the *general conditions* to the contract. This document generally takes the form of American Institute of Architects Document A201, General Conditions of the Contract for Construction.

Most construction contracts are supplemented by documents that include general, supplementary, and special conditions. These supplementary contract obligations are frequently incorporated into the project specifications manuals or in stand-alone documents, and the most widely used contract supplement is AIA Document A201, General Conditions of the Contract for Construction. The project superintendent may wonder what kind of document prepared by the project architect will contain contractor-friendly material to help manage the construction project. The answer is that a number of provisions in AIA A201 will prove very helpful to the project superintendent who has read and understood these provisions.

The American Institute of Architects periodically updates its contract forms, the latest of which are the 1997 editions released to the profession in December 1997. The previous issue of AIA A201, General Conditions of the Contract for Construction, was dated 1987 and may still be referenced in some construction contracts.

To the project superintendent who has not taken the time to completely read and understand the provisions to AIA A201, it may come as a shock that this contract document, prepared by an organization of architects, contains quite a few provisions that protect the contractor. Every project superintendent should

read this document from cover to cover, at least once. She or he will undoubtedly be rereading selected sections from time to time to support a position or defend against one.

Let's review the 1997 edition of AIA A201 and point out some sections of importance to the general contractor.

Article 1—General Provisions: The Contract Documents

Along with defining the components of the contract documents, section 1.5.2 requires the contractor to stipulate that he or she has visited the site and become somewhat familiar with local conditions under which the work is to be performed and concluded personal observations with respect to the contract requirements. This is not a statement to be taken lightly. Quite often a contractor's failure to visit the site and observe conditions that are apparent, even though not specifically shown on the drawings, may hinder her or his ability to claim these conditions as extra to contract and will result in denial of certain types of claims.

If construction has just gotten underway and a site condition not indicated on the drawings is encountered—one that would have been apparent after a visit to the site—it may be very difficult to initiate a claim for extra work on the basis that its condition was not noted in, or on, the contract documents.

For example, if an abandoned well were found in the area of a proposed footing and the well cap or well cover were clearly visible but not shown on the drawings, the architect could invoke the provisions of Article 1 as the reason for disallowing a contractor's claim for additional costs for structural fill required to raise the subgrade under the footing or lower the elevation of the footing to achieve proper bearing. Not only would the abandoned well have been visible, but also a prudent contractor should have noted its location and even removed the well cap/cover to determine its depth and its impact on costs.

Article 2—Owner

One provision in this article directs the owner to designate, in writing, a representative who shall have the authority to bind the owner with respect to matters requiring an owner's approval or authorization. This should speed up the communication process between contractor and owner when field conditions arise that require a prompt owner/architect decision in order to maintain job progress.

This section of the general conditions also stipulates that the owner is obliged to present reasonable evidence that financial arrangements have been made to satisfy the requirements of the construction contract. The contractor may obtain a copy of this financial commitment by writing to the owner and requesting same.

Another provision deals with reproducibles. Unless the contract stipulates to the contrary, the owner shall furnish the contractor, free of charge, sufficient

copies of plans and specifications that are *reasonably necessary* for the execution of the work. (Does this include sufficient copies for each subcontractor as well? A strong case could be made for several sets for major subcontractors and one set for minor subcontractors.)

The owner has the right to subcontract portions of the work by giving written notice to the general contractor. But suppose the general contractor is a union contractor and the owner hires, say, a nonunion electrical contractor to install the data communications work? Although the owner has the right to do this, a prudent general contractor should respond by requesting that she or he be held harmless from any jurisdictional labor disputes that may arise out of these arrangements.

Article 3—Contractor

This is a very important article for the general contractor to read and comprehend fully. First, it deals with shop drawings and requires the contractor to take field dimensions of any existing conditions related to the work; any errors, omissions, or inconsistencies discovered shall be reported promptly to the architect. In subparagraph 3.12.4 and 3.12.5, it is stated that shop drawings are not *contract* drawings. (This voids a contractor's argument that approval of a shop drawing is proof that the item has been accepted by the architect. If it has been accepted, but is deemed of lesser quality than the specified item, the architect may request, and in fact is entitled to, a credit.)

Contractors would be wise to read completely subparagraphs 3.12.4 through 3.12.10 relating to shop drawing submissions, review, and disposition.

Second, with respect to errors or omissions noted by the contractor, it is recognized that the drawing review is being performed by a contractor who is not a licensed design professional, and the contractor is not required to ascertain that the plans and specifications are in conformance with laws, statutes, ordinances, building codes, and rules and regulations.

Paragraphs 3.2.2 and 3.2.3 of this article absolve the contractor for damages resulting from errors, inconsistencies, or omissions in the contract documents or for differences between field measurements and conditions and the contract documents, unless the contractor recognized such error, inconsistency, omission, or difference and failed to report it to the architect.

Article 3 provides the contractor with responsibility and control over construction means, methods, techniques, and sequences unless the contract documents dictate otherwise. In another section, it is restated that the contractor has no responsibility to ascertain that the contract documents are in accordance with applicable laws, statutes, ordinances, building codes, and rules and regulations. *Superintendents take note:* This may diffuse arguments about responsibility for costs for those last minute additions to the scope of work when inspecting building officials require more exit lights, fire alarm devices, etc. The contractor is obligated, in this section of the general conditions, to submit a construction schedule for the architect's information. (Previous issues of this A201 document required submission of a schedule for the architect's approval.)

The question of costs to be included in an allowance is often raised by the contractor. Does an allowance include the contractor's overhead and profit?

Article 3.8 answers this question and others concerning the reconciliation of an allowance item. Unless otherwise stated in the contract, an allowance includes:

1. Cost to the contractor of all materials, labor, and equipment for the item, delivered to the site and including taxes and trade discounts.
2. Contractor's cost to unload and handle and all related labor and installation costs.
3. Contractor's overhead and profit for the allowance are to be included in the contract sum and not in the allowance category.

If the allowance is more or less than stated in the contract, the contract sum is to be adjusted by change order and shall reflect the difference between actual cost and the allowance.

And, lastly, Article 3 states that the contractor shall not be required to provide professional services which constitute the practice of architecture or engineering unless specifically called for in the contract.

Article 4—Administration of the Contract

This article repeats, once more, the contractor's right to control construction means, methods, techniques, sequences, or procedures since these are "solely the Contractor's rights and responsibilities."

The architect is charged with the duty to review shop drawings with reasonable promptness. (The exact time frame for shop drawing review is frequently spelled out in other parts of the contract documents, i.e., special, supplementary conditions, but the word *reasonable* does restrict the review time frame to some arguable degree.)

The architect is also charged with the authority to interpret and decide matters concerning performance or requirements of the contract documents or interpretations and decisions consistent with the intent of or reasonably inferable from the contract documents. (*Note:* There appears to be a lack of checks and balances in this arrangement. The person who prepared the plans and specifications is given authority to interpret these documents and rule on their intent. This is like asking the fox to watch the chicken coop!)

Article 4.2.7 stipulates that the architect approval of a specific item does not indicate approval of an assembly to which the item is a component. This provision could apply to a value engineering proposal presented by the contractor in which one component of an assembly is substituted and approved, but its substitution invalidates the assembly. For example, the substitution of the type or gauge of roof coping or flashing may be approved by the architect, but will not meet the manufacturer's recommendations; hence a roofing bond will not be issued.

Article 4 includes procedures for filing a claim and sets a time limit of 21 days after the occurrence of the event as the time frame within which the claim must be filed. Claims for concealed conditions or unknown conditions are set forth in subparagraph 4.3.4, which is a very important section to read and understand. The sentence about *differing conditions* may be helpful for those contractors filing a claim for unsuitable soils or excessive rock when actual conditions encountered differ *materially* from those in the geotechnical report accompanying the bid documents. When the contract includes all site work as *unclassified,* this, in effect, means that whatever deleterious or unsuitable material the contractor uncovers is to be removed and replaced with acceptable fill, at no cost to the owner. However, if such a claim is based upon conditions uncovered that vary *significantly* from those anticipated after a reasonable review of the geotechnical report, invoking the differing-conditions provisions of subparagraph 4.3.4 may allow the contractor to recover some of these extra costs.

Another important part of this article is subparagraph 4.3.10, which disallows any claims for consequential damages. This theoretically denies the contractor the right to use the Eichleay formula (fully discussed in Chap. 10), which is a method to arrive at the contractor's attempt to recoup unabsorbed or underabsorbed corporate overhead costs primarily in delay claims.

Dispute resolution procedures are included in Article 4, and mediation is listed as the first step in pursuing claims resolution. If mediation fails to resolve the claim, arbitration is the next step in the process, and several paragraphs in this section outline the steps to be taken to commence mediation and arbitration.

Subparagraph 4.5.4 is entitled "Limitation on Consolidation or Joinder," which may be of interest to general contractors if they have reached the arbitration stage. The term *joinder* means to join with. If, for example, both the general contractor and the subcontractor have a claim, ostensibly, against the owner, they cannot join in one arbitration proceeding but must pursue their claims individually. The subcontractor would file for arbitration against the general contractor, and the general contractor would file for arbitration against the owner, as the case may be.

Article 5—Subcontractors

The general contractor is directed, in this section of A201, to submit in writing a list of proposed subcontractors to the architect, who is to promptly review and reply whether the owner has any objections to any of the subcontractors so presented.

The contractor is cautioned not to proceed to contract with a subcontractor to whom the owner/architect has objected; however, if the rejected subcontractor could have been deemed reasonably capable of performing the work, the contract sum will be increased or decreased by the substitution of an owner-acceptable subcontractor. If the general contractor is considering invoking this provision, the GC should request a written statement from the owner

listing the owner's reasons for the rejection of any subcontractor. If the general contractor does not agree with the owner's criteria for selection, the GC should respond to the owner, by letter, stating his or her objections to the choice, properly and completely documented. If problems arise when the owner's selected subcontractor is working on the job site, this letter of concern sent by the general contractor may prove helpful.

The author had such an experience when requested to obtain bids on low-voltage alarm systems for a senior living community. The owner rejected all subcontractors' bids and requested that a bid be solicited by a low-voltage systems supplier whom the owner had employed on several recent projects in other parts of the country. This *preferred* supplier failed to submit the final estimate for the work in a timely fashion, failed to submit a proper schedule of values for comparison with the other bidders, and failed to deliver materials and equipment in a timely fashion. It was apparent that this vendor felt that his or her preferred position with the owner would cover a multitude of sins, until the author sent a letter to the owner, advising of serious delays in the offing unless the *owner's vendor* met the current project's demands. Within a day or two the much needed equipment arrived at the job site.

Other provisions in this article require the contractor to bind all subcontractors to the contractor by the terms of the contract documents and to assume all obligations and responsibilities that the contractor maintains toward the owner. This is a standard *pass-through* provision which is actually beneficial to the general contractor.

According to Article 5.4, Contingent Assignment of Subcontracts, the general contractor must include in the subcontract agreement a provision allowing the assignment of the subcontract to the owner under specific conditions are spelled out in detail in this subparagraph. This affords the owner some degree of protection if the general contractor defaults on the contract. Rather than renegotiate with existing subcontractors to complete the work, possibly at much higher costs, the owner merely "takes over" all active subcontract agreements.

Article 6—Construction by Owner or by Separate Contractors

This article gives the owner the right to subcontract certain portions of the work. However, as stated previously, if the general contractor anticipates that a conflict could arise due to collective bargaining agreements, the owner must be advised of these potential problems in writing. Will a nonunion millwork installer working on a union project create a jurisdictional dispute that may lead to a job action and delays that could reverberate through several other trades?

Article 7—Changes in the Work

This provision of A201 deals with change orders and the construction change directive. A *change order,* according to Article 7, is based upon an agreement

between owner, contractor, and architect; but a *construction change directive* (*CCD*) requires only agreement between owner and architect inasmuch as the costs associated with these changes may not have been agreed to by the contractor.

If the CCD issued by the architect affects the contract sum, an adjustment in the contract sum will be based upon one of the following methods:

1. A mutual acceptance of a lump sum, properly itemized and documented
2. Unit prices contained in the contract (if, in fact, there are any in the contract)
3. Cost to be determined in a manner agreed upon by all parties as well as a mutually acceptable fixed amount or percentage for contractor's fee and overhead
4. Time and materials cost approach, which is to include
   a. Cost of labor and fringe benefits
   b. Cost of materials, supplies, and equipment, including transportation costs
   c. Rental costs of equipment whether rented or company-owned
   d. Costs of bond, insurance premiums, and any related fees
   e. Costs of supervision and field office personnel directly attributable to the work

Subparagraph 7.3.6 of this article contains a full explanation of the CCD process.

Subparagraph 7.3.8 is also of importance to contractors and states that all amounts in the CCD not in dispute can be included in the current application for payment. This means that an interim billing can be included in a current application for payment for change order work completed and accepted but for which no formal, fully executed change order has been received. In a complicated change order involving participation by multiple trades, the architect or owner may agree with most of the costs submitted but may take exception to, say, the plumber's or electrician's costs. Before this, issuance of this provision payment for an entire change order would be delayed until a few isolated costs were resolved. Subparagraph 7.3.8 allows the general contractor to invoice for all approved costs, receive payment, and pay the respective subcontractors and vendors while providing the owner with additional documentation to support the plumbing or electrical portion of the change order.

Don't forget to consider potential changes in contract time when you are formulating the CCD. Will the contract time remain unchanged, decrease, or increase?

Article 8—Time

The definition of *contract time* is included in this article. Unless stated otherwise, the contract time is the period of time, including authorized adjustments (change orders), required to attain substantial completion of the project. The term *day,* unless otherwise stated, is meant to be a calendar day.

Methods by which delays and extensions of time are to be treated are included in this section of the general conditions.

Article 9—Payments and Completion

The contractor is directed to submit a *schedule of values* for approval by the architect prior to submission of the first application for payment. If there are no objections from the architect, this schedule of values will be used for review of the contractor's monthly requisition requests and serves as the basis for determining percentage of completion for each line item in that requisition.

This article deals with payment for on-site and off-site storage of materials and equipment. Any request for off-site storage payments is to be made to the architect in writing and is conditional upon meeting the following terms and conditions:

1. Presentation of a procedure by the general contractor to ensure that title to the materials and equipment will pass to the owner. This can be accomplished by submitting a bill of sale which will automatically transfer title to the owner once payment is received.
2. Presentation of evidence that the cost of insurance, storage, and subsequent transportation to the site will be paid by the contractor.
3. Furnishing of an insurance certificate documenting that coverage will remain in effect during storage and transportation to the site.

Article 9 includes conditions that allow the architect to withhold certification for payment on the monthly requisition:

1. Defective work has not been repaired/replaced.
2. Third-party claims have been filed.
3. The contractor has failed to make payments to subcontractors or pay for labor, materials, and equipment incorporated into the building.
4. There is reasonable evidence that the work cannot be completed for the unpaid balance of the contract sum.
5. There is damage to the owner or another contractor.
6. There is reasonable evidence that the project will not be completed within the contract time.
7. The contractor has consistently failed to perform the work in accordance with the contract documents.

This article in the general conditions document also directs the contractor to pay each subcontractor, upon receipt of the owner's payment, the amount which

each subcontractor is entitled to receive. This, in effect, is confirmation of the standard "pay when paid" clause.

Article 9 also stipulates that the subcontractors may, upon written request to the architect, obtain information regarding percentage of completion paid by the owner to the contractor for their portion of the work. A subcontractor can call the architect and find out if the general contractor has been paid for work that was included in the subcontractor's current requisition and, if so, can invoke the pay-when-paid provision to demand payment.

Article 9 includes the subject of substantial completion, defining both this stage of completion and the payments due to the contractor when this phase of construction has been achieved. Partial occupancy and/or use of the project is described in Article 9.8, and the owner and contractor responsibilities that are to be concluded at that time are spelled out in this section. Last, but not least, final payment procedures are described, stating that no payment will be made until the contractor completes the following procedures:

1. Provision of an affidavit stating that all labor, materials, and equipment incorporated into the building have been paid
2. A certificate evidencing that insurance will remain in effect for 30 days after final payment and will not be canceled prior to that date
3. A written statement that the contractor is aware of no reason that current insurance coverage will not be renewable to cover the period set forth in the contract documents
4. Consent of surety to final payment
5. Release from the general contractor to the owner of any claims, liens, or other encumbrances arising out of the contract

Article 10—Protection of Persons and Property

Safety precautions and contractor procedures to protect persons and property during construction are delineated in this article. Article 10 requires the owner to advise the contractor of the absence or presence of any hazardous materials likely to be encountered on the site. If hazardous materials are discovered on the site, the contractor is to cease work and notify the owner, requesting further direction on how to proceed.

Article 11—Insurance and Bonds

In conjunction with specific limits of insurance usually contained in the bid documents, this article provides more details about insurance coverage. Unless otherwise stated in the contract, the owner will purchase and maintain builder's "all-risk" insurance. When partial occupancy occurs, it shall not commence until the insurance company or companies have consented to partial occupancy, or use, by endorsement or otherwise.

Article 12—Uncovering and Correction of Work

If a portion of the work to be inspected by the architect/engineer has been covered or enclosed contrary to the architect/engineer instructions, Article 12 requires the contractor to uncover the work if requested by the architect/engineer and also recover, both at the contractor's expense.

If the architect/engineer did not previously request to inspect the work before being covered but then decided to do so, then the costs to uncover and replace would be cause for a change order. If, when uncovered, the work is found to comply with the contract documents, all related costs will be borne by the owner; but if defective work is exposed, all costs to remove, repair, and replace will become the contractor's responsibility. Of importance to the contractor is that section of Article 12, paragraph 12.2.2, that deals with corrective work after substantial completion has been attained.

According to the provisions of this paragraph, if during the one-year warranty period the owner fails to notify the contractor of work to be corrected, thereby not affording the contractor an opportunity to do so, then the owner waives all future rights to require the contractor to perform that warranty or guarantee work.

Article 13—Tests and Inspections

Procedures for inspections and testing are provided in this section. Also included in Article 13, seemingly misplaced, is a statement concerning the payment of interest on late remittances to the contractor. Article 13.6.1 stipulates that, in the absence of an agreement to the contrary, interest will accrue on payments to the contractor that remain unpaid from the date when payment is due. The interest rate will be the prevailing one at the place where the project is located.

Article 14—Termination or Suspension of the Contract

The contractor may terminate the contract for the reasons set forth in this article and conditions under which the owner may terminate the contract *for cause* are also included.

Article 14 allows the owner to suspend or terminate the contract *for convenience,* and the circumstances surrounding termination for convenience are set forth in subparagraphs 14.3 and 14.4.

The 1987 Edition of AIA A201

The current, 1997, issue of the A201 document contains 154 substantive changes from the 1987 edition. If any contracts currently administered include the 1987 general conditions provisions, the project superintendent should carefully review this older document and take note of its predecessor provisions.

AIA Document A201CMa—General Conditions of the Contract for Construction, Construction Manager-Adviser Edition

Although many of the provisions contained in AIA A201 are similar to those included in the construction manager version, there are enough fundamental differences to warrant a project manager administering a construction manager contract to read this document from cover to cover—at least once.

Article 3 of the CM version of the general conditions defines the *contractor* as the person or entities who perform the construction which is *administered* by the construction manager. The *contractor* is to "carefully study and compare the Contract Documents with each other," and is not liable to the owner, construction manager, or architect for "damage resulting from errors, inconsistencies or omissions" unless the contractor recognized these deficiencies and "knowingly failed to report it." It would appear that it might be difficult to prove that the contractor *knowingly* failed to report problems concerning the quality of the drawings.

This article requires the contractor to take field dimensions, as required, and compare them with those indicated on the contract drawings. The contractor is directed to report any errors, omissions, and inconsistencies to the construction manager and architect promptly.

A provision in paragraph 3.7.3 states that the contractor's responsibility does not extend to verification that the contract documents comply with applicable building codes, laws, ordinances, and other appropriate rules and regulations.

The topic of *allowances* is discussed in this article and defines the elements of cost allowed for incorporation in the allowance item.

Similar to the provisions in the non-CM A201 document, the contractor's cost to unload and distribute the materials and equipment in the allowance item and the cost to install that work are to be included in the contract sum, and not the allowance item. The same is true of the contractor's overhead and profit—it is to be included in the contract sum.

Provisions for the submission of the contractor's construction schedule are included in this article. Although it is to be submitted for the owner's and architect's information, it is submitted to the construction manager for approval.

This is quite different from the schedule provisions contained in the standard AIA. A201 document which requires submission of the construction schedule for information. This subtle difference between *for information* and *for approval* can mean quite a bit when a contractor is assembling a claim for delays. An *approved* schedule becomes a baseline schedule, and deviations from that baseline schedule are generally used as the basis for requests for compensable costs associated with the delays.

When the schedule is submitted for informational purposes, the contractor should include enough details and documentation backup that it could also qualify as a baseline schedule.

Article 4 of A201CMa establishes the basic responsibilities of the construction manager:

1. The CM will determine, in general, if the work is being installed in accordance with the contract documents and will inspect for defects and deficiencies in the work.
2. The CM will provide coordination of activities required for the work of the contractors under their supervision.
3. The CM will review and certify all requests for payment.
4. Although the architect will have the right to reject work that, in her or his opinion, does not conform to the contract documents, no such action will take place until the construction manager has been notified. Subject to the review by the architect, the construction manager also has the responsibility to reject nonconforming work.
5. The CM will receive all shop drawings, review and approve them as consistent with the contract requirements, coordinate them with information received from other contractors, and pass them on to the architect.
6. The CM will prepare change order and construction change directives for presentation to the architect and owner.

Article 4.7.4 is entitled "Continuing Contract Performance" and states that pending final resolution of a claim, the contractor shall proceed with the performance of the contract. All too often, a contractor, out of extreme frustration in the attempt to resolve a dispute, will tell the owner, architect, or CM, "I've had it; I am going to stop the job until this claim (or change order, or dispute) is settled." Unfortunately, if that threat is carried out, the contractor will be declared in default of contract and his or her bargaining power will be significantly decreased.

Article 4 also establishes arbitration as the first step in the dispute resolution process. Article 7 changes in the work follow, more or less, the same procedures as those in the non CM version of AIA A201 and include similar provisions for the preparation of a construction change directive in the event that the contractor and construction manager cannot reach an agreement on a lump sum for the work.

Article 8—Time includes discussions regarding delays in the work and contains a specific provision in paragraph 8.3.3 that allows the contractor to recover damages under other provisions of the contract documents.

Associated General Contractors' Version of General Conditions between Owner and Contractor—AGC Document No. 200

The Associated General Contractors of America, Inc. (AGC) developed a series of construction contracts. AGC Document No. 200 combines a standard form of

agreement and general conditions between owner and contractor in one document. Contractors using the AGC contract document will find some provisions in their general conditions portion similar to those in the AIA A201 document, while other provisions may have the same effect but are worded in a slightly different manner.

With respect to uncovering errors, omissions, and inconsistencies in the contract documents, AGC requires the contractor to promptly advise the owner of any defects in the plans and specifications, but recognizes the fact that the contractor is not acting in the capacity of a licensed design professional. In other words, the contractor should not be held accountable for building code or building regulation violations.

The matter of warranties is treated quite differently from that in the architect's version of the general conditions. Although the contractor is bound by a 1-year warranty, any extended warranties required by the contract will be assigned to the owner after the standard 1-year warranty period has expired. The owner then assumes responsibility to notify the vendor or subcontractor of warranty issues, and the contractor is bound only to provide *reasonable* assistance in enforcing the provisions of these extended warranties.

Paragraph 3.10.3 requires the contractor to designate a safety representative whose duty will be to enforce safety rules and regulations on the site.

Article 10.2, Mutual Waiver of Consequential Damages, may be looked upon as a two-edged sword. Recovery of consequential damages, most often created by delays, cannot be pursued by the contractor; but by the same token, the owner cannot threaten the contractor with consequential damages if the contractor is seeking recovery of costs caused by contractor-generated construction delays.

Exhibit 1 is a standard attachment to AGC Document No. 200 and is a dispute resolution menu that allows the owner and contractor to resolve any potential disputes in one of five ways, as indicated on this check-off type of form, which becomes an integral part of the construction contract.

1. *Dispute Resolution Board* (*DRB*) is comprised of one member selected by the owner, one member selected by the contractor, and a third member chosen by two owner- and contractor-selected members. This board will meet periodically to track the construction process and make advisory recommendations along the way to avoid or settle any potential disputes or claims as they arise, instead of letting them drag on through the construction process.
2. Advisory arbitration will be conducted in accordance with the Construction Industry Rules of the American Arbitration Association.
3. In a minitrial, top managers from the owner's and contractor's organization will submit their individual positions to a mutually selected individual, who will make a nonbinding recommendation to the parties. (This process is similar to a mediation proceeding.)
4. Arbitration is binding pursuant to the Construction Industry Rules of the American Arbitration Association.
5. Litigation.

The general conditions of the engineers joint contract documents committee

In 1990 a joint committee composed of the National Society of Professional Engineers, the American Consulting Engineers Council, the American Society of Civil Engineers, and the Construction Specifications Institute prepared several contract documents for use by engineers. In cases where roadwork, infrastructure, or other civil engineering projects are concerned, engineers are the designers, and it was felt that these designers should have their own contract and general conditions documents.

The Standard General Conditions of the Construction Contract, prepared by the joint committee, contain a rather definitive index that requires a full 12 pages of text. This document contains several unique features.

Article 2, Preliminary Matters, requires that a preconstruction conference be arranged within 20 days after contract signing. The purpose of the conference is to establish a working understanding of the project and to discuss schedules and procedures for handling shop drawings and other submittals.

Article 3, Contract Documents: Intent, Amending, Reuse, states that although it is the intent of the contract documents to describe a "functionally complete project," the "intended result will be furnished and performed whether or not specifically called for." This phrase puts the contractor on notice that the *intent* of the documents is of equal importance to the scope defined by the plans and specifications. Although several articles prohibit the engineer from dictating means, methods, techniques, sequences, or procedures of construction, the contractor is prohibited from working overtime on Saturdays, Sundays, or legal holidays without the written consent of the engineer.

Throughout this document the term *engineer* is substituted where the word *architect* would normally be used. All communications between the owner and contractor must pass through the engineer. Procedures for change orders, rejection of work, and approval of progress payments are similar to those in the AIA General Conditions document, but Article 16, Dispute Resolution, is rather unique. The Engineers Joint Committee requires that a dispute resolution method and procedure be spelled out in a separate document designated *Exhibit GC—A Dispute Resolution Agreement.* If no such agreement has been reached, the owner and contractor may use whatever remedy is at their disposal as long as it does not conflict with any contract language.

A project manager must take the time to read all the pertinent contract documents including the general, supplementary, and special conditions. These important contract documents may contain conditions and elaboration of each party's duties, rights, and obligations so necessary for the intelligent and professional administration of the construction project. And as the warning printed on the front page of AIA A201 states, *"This document has important legal consequences."*

End of Lesson Wrap-Up

Congratulations on completing this lesson! You've taken another important step in your journey to becoming a certified professional in the construction industry.

Up Next: Quiz Time

Before we move forward, there's a short quiz waiting for you. Remember, this quiz isn't designed to trip you up but to reinforce your understanding of the concepts we've covered. It's a way to ensure that you have grasped the essential elements of the lesson and are ready to build on this knowledge in subsequent modules.

You're Doing Great!

You're doing an excellent job so far, and we encourage you to keep up the momentum. Every quiz and lesson is a building block towards your ultimate goal of certification and professional advancement.

See You in the Next Lesson!

We are excited to continue this journey with you and look forward to seeing you in the next lesson. Keep up the great work and stay motivated—your future in construction management looks promising!

Keep learning, keep growing, and remember, we are here to support you every step of the way. See you soon for more learning and development

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