

Construction Delay and Other Claims

OUTLINE

- Review Lecture 10
- Introduction
- Is It A Claim Necessarily A Negative Thing..?
- Several Reasons A Claim May Arise On Any Construction Project
- Example

Review Lecture 10

Resource Leveling

INTRODUCTION

Construction delays and their resolution is a complicated subject.

Many attorneys retain/hold consulting engineers, schedulers, and other experts **TO ASSIST** them in **UNDERSTANDING THE TECHNICAL ISSUES** that arise in construction-related cases as well as to provide expert witness testimony.

INTRODUCTION

In the simplest definition:

a delay is the action or condition that
results in finishing the project later than
stipulated/decide in the contract

INTRODUCTION

A delay can also:

Pertain/relate to starting or finishing a specific activity
later than planned

INTRODUCTION

So:

A claim is a request from one contract party **(usually the contractor)** to another party for additional compensation, an extension of time, or both

INTRODUCTION

Means:

A CLAIM RELATED TO A DELAY

INTRODUCTION

construction projects involve many risks

So:

Claims have become almost inevitable/ unavoidable
in construction projects.

INTRODUCTION

Claims can be initiated by any project participant against any other participant.

- An architect may have a claim against an owner
- A supplier may have a claim against the contractor or the owner
- most claims are initiated by the contractor against the owner.

IS IT A CLAIM NECESSARILY A NEGATIVE THING..?

- Claim is not necessarily a negative thing
- Claim does not indicate a confrontation

Why

Many claims are legitimate and are routinely resolved to the satisfaction of both parties

Example

An owner may wish to change the color of the brick or the type of floor tile.

First step is such a change order may be initiated by the owner submitting a change order request of work directive (to contractor)

Example

The contractor:

Evaluates the new changes:

- The impact on its work plan includes a cost estimate
- The impact on the schedule

In response, the owner:

accepts, rejects, or negotiates this quotation with the contractor

Example

An owner decides to change a few doors from 2 feet 8 inches wide to 3 feet 2 inches wide.

Let's consider the following five different scenarios along with the cost associated with each:

Example

- Scenario 1: The owner makes the change before design is done. The cost is minimal: (the difference in the door prices).
- Scenario 2: The owner makes the change after design is done but before bidding. There may be a minor additional cost associated with the architect redoing some of the drawings and specifications.

Example

- Scenario 3: The owner makes the change after signing the construction contract but before doors are delivered and work in that portion has started. The cost may still be small, but this has become a change order. The contractor may try to make some “extra profit” there.

Example

- Scenario 4: The owner makes the change after the door openings have been framed (in masonry walls) but before the walls were finished. The change includes the cost of widening the door openings, that is, demolition of part of the masonry walls, and installing new doorframes. If the doors have been delivered, there is extra charge for delivery and restocking.

Example

- Scenario 5: The owner makes the change after everything is finished.

This is a more significant change order that includes widening the door openings, that is, demolition of part of the masonry walls covered by drywall and painted, and installing new doorframes.

There will be also cost to redo the masonry walls, drywall, paint, and cleanup. The doors—after painting—may not be returnable to the vendor so their cost will be a waste, added to the total loss.

Scenarios 4 and 5 have a potential to impact the project schedule.

Reasons For Claims

Claims usually occur because of the
“unexpected” events

Several Reasons A Claim May Arise On Any Construction Project

1. Differing site conditions
2. Design errors or omissions
3. Changes in owner's requirements
4. Unusually adverse weather
5. Other factors (force majeure, labor strikes)

Example

- In the construction project represented by the logic network shown in Figure below, the owner issued a work order to the contractor that would delay the start of activity E till day 16 (i.e., its late start date). Would the contractor be entitled to time extension, compensation, both, or neither?

Example

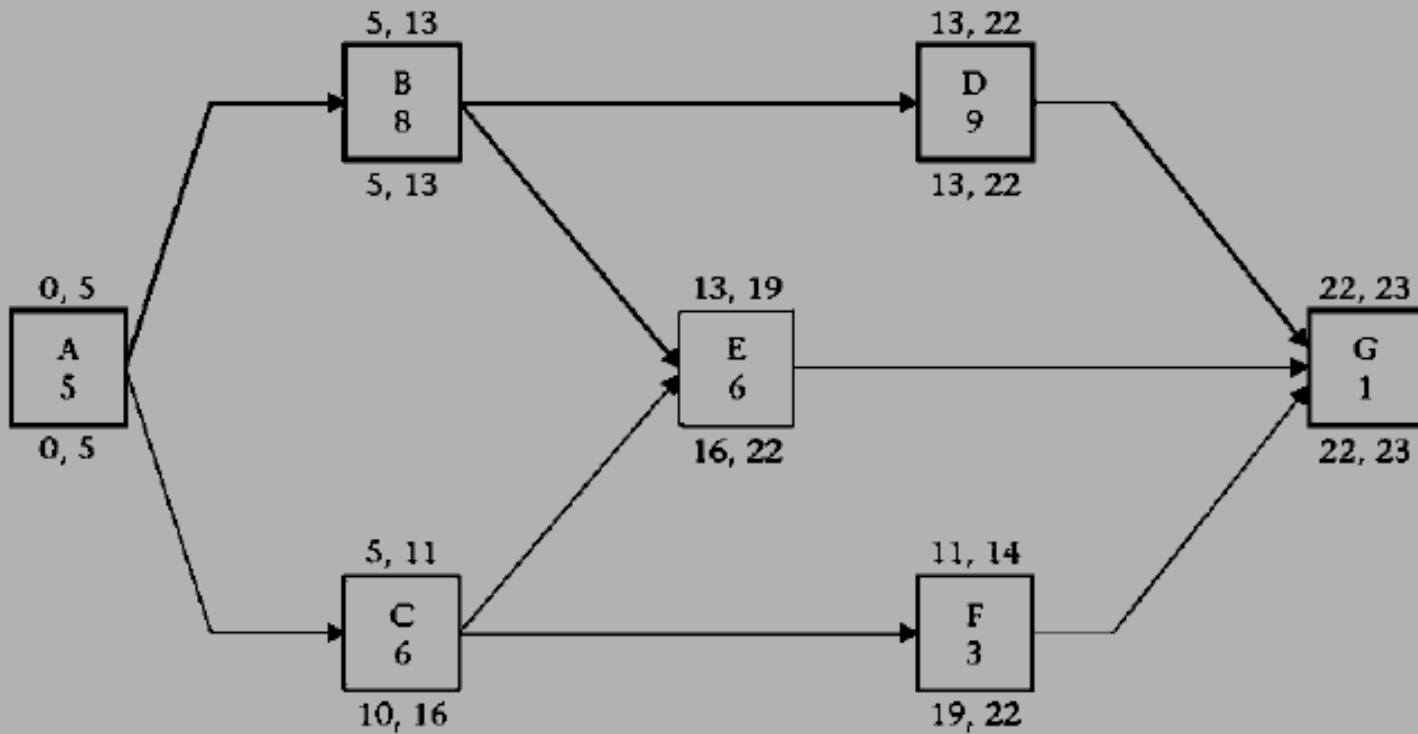


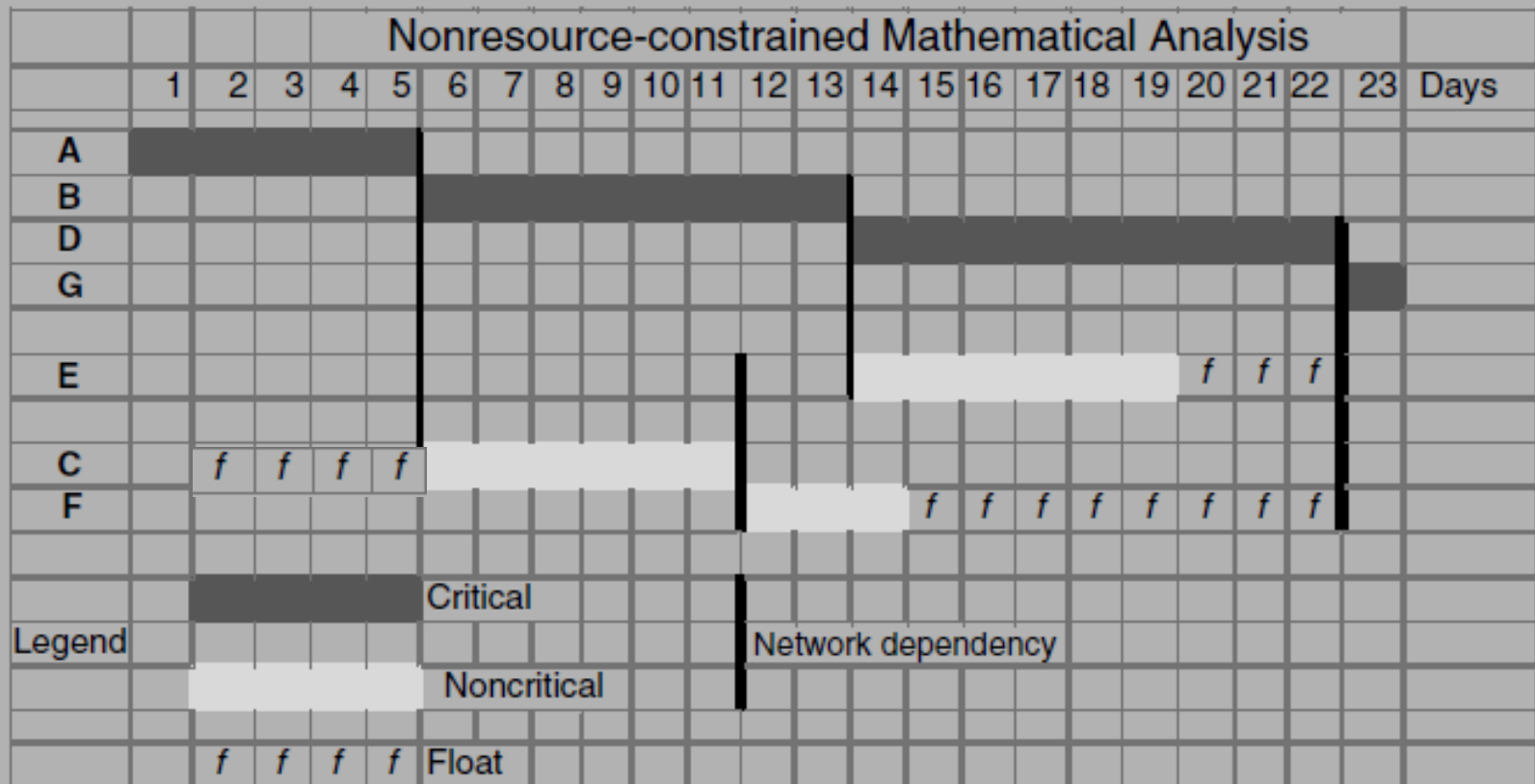
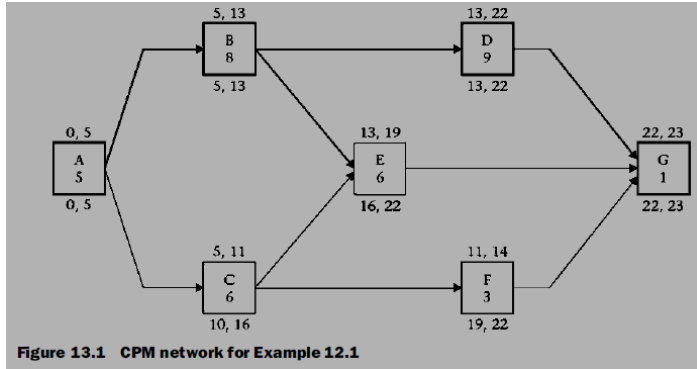
Figure 13.1 CPM network for Example 12.1

Example

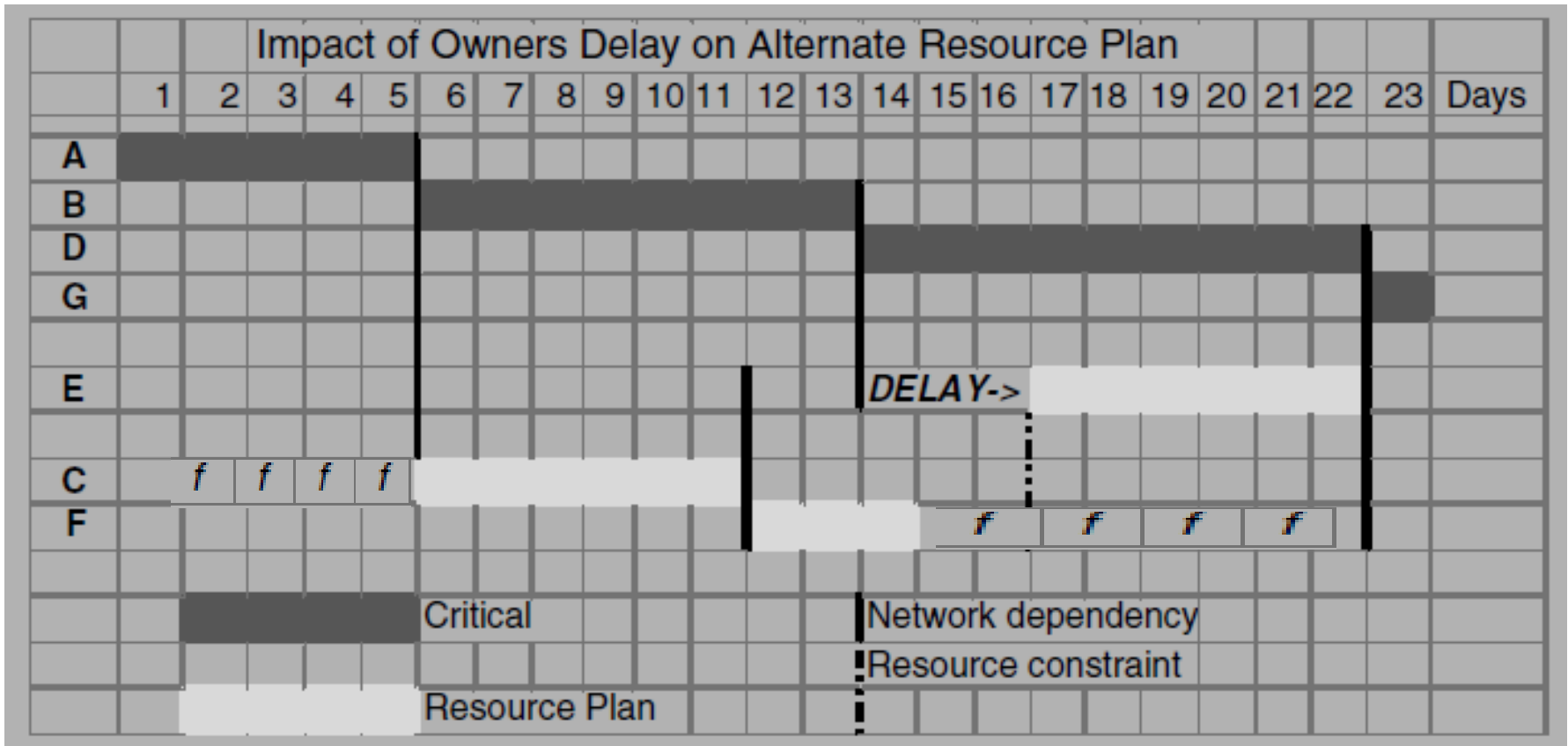
Solution:

As we see in Figure 13.1, activities C, E, and F have total float equals to 5, 3, and 8 days

Example



Example



If activity C uses its 5 days of float, activity E becomes critical and activity F's total float shrinks from 8 to 3 days

Question

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