

I.T.U. Faculty of Architecture  
Division of Construction Management  
Construction Management and

## ECONOMICS COURSE

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CONSTRUCTION ADMINISTRATION

Construction Operations

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# Outline

- Authority and responsibility of all parties
- Opening a project
- Administrative activities
- Suspension or termination of the work

# Authority and responsibility of parties

Depending upon the type of contract the owner may be authorized:

- to award other contracts in connection with the same work,
- to require contract bonds from the contractor,
- to approve the surety proposed,
- to retain a specific portion of the contractor's monthly progress payments,

# Authority and responsibility of parties

- to make changes in the work,
- to carry out portions of the work with the owner's own forces in case of contractor default or neglect,
- to withhold payments from the contractor for adequate cause, and
- to terminate the contract for cause.

# Authority and responsibility of parties

The right of the owner:

- to inspect the work as it progresses,
  - to direct the contractor to expedite the work,
  - to use completed portions of the work before contract completion, and
  - to make payment deductions for incomplete or faulty work,
- are also common contractual provisions.

# Opening a project

Opening a project requires many details to be completed before the contractor even moves a single piece of equipment onto the project site.

# Opening a project

- Immediately after award of the contract, the contractor is expected:
- to make arrangements for the required policies of insurance,
- to obtain permits,
- to order long-lead purchase items,
- to check the site to determine the availability of storage and work staging areas,
- to make arrangements for off-site disposal of surplus or waste materials, and
- to take care of numerous other tasks.

# Opening a project

- It is desirable for the owner, either directly or through the design firm or construction manager, to issue a written Notice to Proceed to the contractor, which will designate the actual beginning of the contract.



# Opening a project

- This is important when attempting to establish the amount of **Liquidated Damages** where the contractor has exceeded the contract time. The **Notice of Award** can not serve as a valid **Notice to Proceed**, as no contract will have been executed between the owner and the contractor at that time. The notice to proceed sets a precise date that the job began and eliminates any later argument over the time of the contract.

# Suspension or termination of the work

- Work may be suspended in whole or in part, and the nature of a suspension is to cease all or part of the work without actual contract termination.
- The owner may order the contractor in writing to suspend, delay, or interrupt all or part of the work. However, if the work is delayed or suspended for a longer period than specified, the contractor may claim an adjustment in price for delay damages as well as additional time.

# Suspension or termination of the work

- Motives for suspension of the work vary. The owner may have budgetary limits and decide to stop work in certain areas or work may be suspended due to bankruptcy of the contractor.

# Suspension or termination of the work

- Some contract documents contains provisions allowing the owner to discontinue all or any part of the work being done by a contractor. Such termination may be for reasons such as abandoning the work, bankruptcy or insolvency, unnecessary delay of the work.