

LAGRANGE ROAD CORRIDOR IMPROVEMENTS

PROJECT EXECUTION RISK

The Village of Orland Park's LaGrange Road Corridor project contemplates executing corridor improvements within the same work zone as IDOT roadway improvements on LaGrange Road. Since there is no agreement between IDOT and the Village for simultaneous execution of this work, nor between IDOT's general contractor and the future successful contractor for the Village, there is a significant risk of costly delays due to coordination and work zone jurisdiction issues. The Village is burdened with the majority of this risk, since IDOT has jurisdiction of the work zone and the LaGrange Road ROW. This risk could be greatly reduced if IDOT included the Village's corridor improvement scope of work in its LaGrange Road contract; however it is not likely that IDOT will agree to this change. This risk would also be greatly reduced if, by good fortune, the successful bidder on the Village's corridor improvement contract was the general contractor on IDOT's project. However there is no way for the Village to assure that this favorable outcome will occur. The problem of two competing contractors in the same work zone has the potential to cause significant negative cost and schedule impacts to the Village's project. If the work is attempted to be executed simultaneously, significant claim potential exists on both contracts for delays in work or varying site conditions. Alternatively, the Village work could be delayed until after the IDOT contractor is completed, which creates an extended schedule for the overall improvements and ultimately a higher cost.

ALTERNATE DELIVERY APPROACH

Through the use of the At-Risk Construction Management delivery system, many of the potential risks to the Village can be managed more effectively. The At-Risk Construction Management delivery system combines Construction Management with General Contracting. The CM acts as the Owner's Agent during all pre-construction activities including program development, cost estimating, scheduling and bid solicitation. Depending on the contract payment structure (Lump Sum, GMP, Cost-Plus Fee); the CM's fiduciary responsibility may shift at the start of construction. However, if the construction contract is defined as a cost of construction plus a CM fee, the CM remains as an agent for the owner while simultaneously being responsible for directing the work on site. Cost plus Fee delivery is the recommendation for this project.

BENEFITS OF CM AT-RISK

1. **Agent of the Village** – CM manages and directs all work in the best interest of the Village and maintains fiduciary responsibility to the Village.
2. **Trusted Advisor** – CM incentivized by qualifications and professional services relationship. CM is chosen by Village and guarantees qualified representation during construction.
3. **Claim Mitigation** – Detailed trade bidding specifications mitigates claims simply through the bid process.
4. **Trade-Specific Bid Packages** – Trade packages can be bid at different times as determined by the CM and in sequence with the progress of IDOT contract.
5. **Schedule Control** - Greater control of schedule by directing individual trades and coordinating with IDOT contractor for specific scope of work.
6. **Mitigation of Cost Claims** – Greater potential to mitigate cost claims through the use of specific trade scopes that are defined during the bid process.
7. **Cost Mitigation of Scope Changes** – CM negotiates directly with trade performing the work which provides transparent and more efficient pricing.

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PROJECT CHALLENGES

1. **IDOT Contract Coordination** –No obligation between the Village and IDOT, It is impossible to enforce any requirement upon other contractors without it being part of their respective contracts.
2. **Two General Contractors in Same Work Zone** – Under a traditional general contract bid, the Village would award their contract to a general contractor and expect them to coordinate with the IDOT contractor. Neither contractor is incentivized to work together.
3. **Cost Claims** – Coordination between two different contracts may cause claims. GC delivery limits the ability to negotiate directly with the affected trade firm. GC pricing may not be the same as Trade pricing.