

# Interpretation and Enforcement Of Construction Contracts For Industrial Plants Training

## Description

### Course Description

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Managing and interpreting construction contracts in today's climate is harder than ever. But it gets worse. Due to downsizing of facility engineering capabilities, it is critical for owners to modify their core competencies to incorporate the skills required for their construction contracts to meet with success. The truth is, with today's limited manpower resources, rising commodity prices, and pressures to bring projects on stream sooner, you require knowledge of the construction contracting process to stave off failure. To be successful you have to understand the whole process of developing a contract, including, the tender document, the bidding process, construction management, contract administration, contract interpretation and contract enforcement.

Using, case studies, exercises and discussion, this seminar will address developing, managing, and interpretation of construction contracts in industrial applications including project life cycle, risk analysis, developing tender documents, contract first principals, tendering contracts, types of contracts, RFQ's, bidding, contract language, Earned Value Analysis for the control of contracts, bonding and insurance. Developing, managing, interpreting, and enforcing contracts is a lot of work. It requires an understanding and the ability to develop the tender documents leading up to the contract. It is a team effort if success is to be achieved. In theory interpretation of construction contracts sounds easy, but it is a lot more difficult to put into practice if the backup material is not up to par.

### Course Objective

To provide participants with the practical, fundamental knowledge of contract development, interpretation and enforcement allowing improved control of the contracting process and their project costs.

### Topics Discussed Will Include:

- Financial aspects of contracts

- Enforcement of contracts
- Structure of construction contracts
- Forms of contracts
- Request for quotations (RFQ)
- Bidding process for construction contracts
- Construction management
- Tender document
- Interpretation of contract language by the courts.
- Contract administration
- Earned Value analysis in the control of contracts
- Bonding
- Insurance

**Course Outline**

**Introduction**

- Guidelines
- Scope / schedule / budget / quality and how they relate to contracts
- Rate of return and contract changes
- Project life cycle and contract scope
- typical types of contracts and purchase orders:
- Utilities
- Equipment
- Manpower
- Engineering contractors

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**Risk and Construction Contracts**

- Risk analysis
- Escalation in contracts
- Freight
- Currency
- Contingency and project reserve
- Checklist for determining scope
- Drawing control in contracts and PO’s
- Unified front
- Trends or extra work
- Rule for analyzing FWO’s

**Enforcement Of Contracts**

- First principles
- Construction contracts
- Requirements of enforceable contracts
- what does enforcement mean; what can the courts do for you?

### Structure of Construction Contracts

- Tendering contracts
- Enforcement (judicial oversight) of the tendering process
- Building contracts
- Types of building contracts
- Considered by payment structure
- Considered by project structure
- Traditional project structure
- Construction management
- Design/build
- Parts of a building contract – the contract documents

### Forms of Contracts

- PO with special conditions for site contractors
- Construction contract using a tender document
- CCDC2

### Request For Quotations (RFQ)

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- Two Types
- Equipment only – typically a PO
- Involving manpower – typically a contract
- Bidders list issues
- RFQ for PO’s and contracts
- Equipment specification
- Scope of work
- Plant conditions and standard component list
- Vendor data requirements
- Vendor information requirements

### Bid Process For Construction Contracts

- Onsite bid meetings
- Receiving proposals
- Bid evaluation
- Evaluation checklist
- Bids high, Bids low
- Pre-award meetings – purpose
- Contract changes

### Construction Management

- Prime or general contractor
- Construction safety
- Due diligence

- Common contracts used in industry

**Tender Document**

- Tender form
- Billing procedure
- Controlling claims
- Changes to work – adds / deletes
- Cost plus %
- Overtime rate
- Addendas
- Schedules
- Time is of the essence
- Manpower reports
- Equipment rates
- Sub contractors
- Site supervision
- Tender information required
- Contract execution

**Interpretation Of Contract Language By The Courts**

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- Ambiguity
- Exclusion and limitation of liability
- Notice requirements
- Some one-sided contract provisions
- Changes
- Meaning of coordination requirement
- Concealed/subsurface conditions
- Disclaimer clause
- Meaning of a site investigation requirement
- Delay claims
- Enforcement of Contractual time provisions
- Real meaning of a no-damage-for-delay clause
- Penalty and liquidated damages clauses

**Tender Document Instructions**

- Who to send it to
- Examination of tender documents
- Site inspection
- Contract award
- Pre-award meeting
- Temporary services

**Tender Document Scope Of Work**

- Included in the work

- Insurance
- WCB
- Tender document – not included in the work
- What the owner provides
- Tender document – agreement and general conditions of contract
- Changing CCDC2

**Contract Administration**

- Define
- Duties
- FWO's and CO's
- Three levels of costs
- FWO document
- CO document
- Back charges
- Inspection
- Contractor on site meetings
- Agenda
- Daily diary
- Progress photo's
- Correspondence
- Deficiency List
- Equipment / electrical / instrument checkout
- Completion of contracts
- Substantial completion
- Final completion
- Letter of credit

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**Earned Value Analysis In The Control Of Contracts**

**Bonding**

- The surety's role on a project
- The bonding industry
- The surety/principal relationship, or why the surety acts the way It does
- The general format of bonds
- Bid bonds
- Purpose of a bid bond
- Effectiveness of a bid bond
- Collecting a bid bond
- Performance bonds
- The surety's obligations under a performance bond
- Calling on a performance bond – how and when
- Surety's response — effectiveness of a performance bond
- Labour and material payment bonds – purpose and enforcement

## Insurance

- Insurance requirements of the contract
- What is covered and what is not
- Key issues in enforcing insurance rights and requirements

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