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## Demystifying Construction Management Contracts

August 20, 2018

While construction management contracts have gained in popularity since the revision of standard contracts proposed by the Canadian Construction Documents Committee (the “CCDC”) in 2010, they have given rise to recurring questions among stakeholders in the construction industry and members of the legal community.

Here are the questions most frequently asked:

### ***What distinguishes the Construction Manager from the General Contractor?***

The obligation of the General Contractor is to perform the work entrusted to it by the Owner, using its own personnel and that of its subcontractors.

The obligation of the Construction Manager is to render services. According to the type of management involved, it may also perform the work in addition to providing services.

### ***What types of services does the Construction Manager perform?***

Services during the pre-construction, construction and/or post-construction phases involved in the work.

Schedule A-1 of contracts CCDC-5A and CCDC-5B illustrate a panoply of services that can be selected à la carte by the parties.

### ***What are the different types of construction management?***

Management for services only (CCDC-5A) and management for services *and* construction (CCDC-5B).

In the first case, the Owner hires Trade Contractors directly to carry out the construction (pursuant, for example, to a CCDC-17 contract). It thereby acts as a contractor-owner, such that the Construction Manager’s risk is limited to the quality of the services rendered.

In the second case, the Construction Manager takes on not only the obligation to provide services but also to perform the work with its personnel and that of its subcontractors. It can thus be considered both a manager and a General Contractor, with all of the associated risks (quality of services and quality of the work).

### ***What distinguishes a construction management contract from a cost-plus contract (CCDC-3)?***

The performance obligation, no more.

If that obligation includes services, either exclusively (CCDC-5A) or combined with performance of the work (CCDC-5B), a management contract should be used in order to provide the proper framework.

The cost-plus contract (CCDC-3) does not provide for the performance of services, but only of the work itself.

While past practice was to use this contract for the performance of a Work including certain services, since the advent of CCDC-5B it is no longer used in such contexts.

***Is construction management necessarily on a cost-plus basis?***

No; the Construction Manager can be remunerated on a cost-plus or fixed-amount basis, or at an hourly rate, or through a combination of the foregoing.

However, as the Construction Manager generally intervenes before the finalization of the plans and specifications, remuneration on a cost-plus basis is most frequent. It should be noted however that it is possible to convert the mode of remuneration into a fixed-amount arrangement later on.

***Is construction management a “turnkey” contract?***

No; the services of the Construction Manager “for services and construction” (CCDC-5B) may include intervening at the design stage (see Schedule A-1) but it is not thereby acting as a professional designer, contrary to the Design-Builder (CCDC-14).

We hope that the foregoing information will be useful for you when choosing the most appropriate contract for your projects.

<https://langlois.ca/demystifying-construction-management-contracts/>