



## Guide

# Building Your Real Estate Development Team

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## 1. An introduction to your team

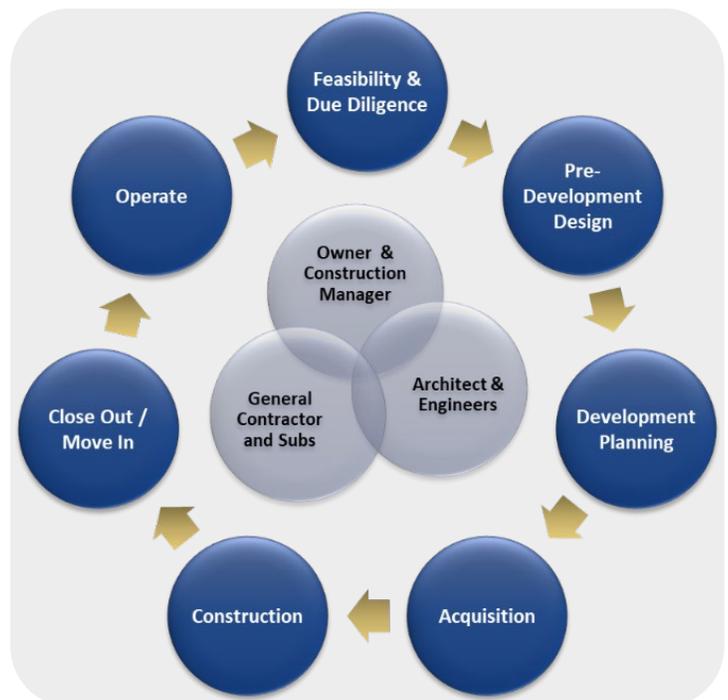
### WHAT IS YOUR ROLE?

***As the owner, it is your responsibility to interview, select, and contract with the best development team members possible.***

Your ability to recognize the most qualified candidates for each position builds a solid foundation for the remainder of the project.

The knowledge and experience each team member brings to their role, combined with their ability to communicate and work with each other and with you, are essential to project success.

Your team will be with you throughout the process, from feasibility and due diligence to close out, so it is important to consider your options carefully by asking the right questions and following the correct processes.

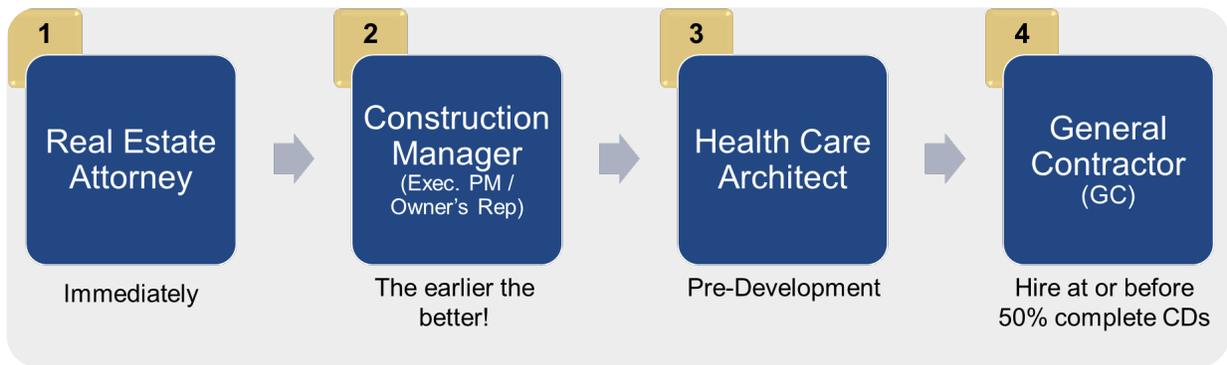


## WHO IS NEEDED AND WHEN?

You will need to contract with the following professionals:

- Real estate attorney
- Health care architect
- Construction manager
- General contractor

Some team members, such as the health care architect and construction manager, will have significant involvement at every phase of your development project. Others, such as the real estate attorney and general contractor, will play key roles at different stages.



Knowing when to bring these experts onboard is important if you are new to development, as they can provide leadership at critical moments and offer advice that will help you avoid costly mistakes later.

- Real estate attorney
  - Contract this person immediately. They are your most important early hire.
- Health care architect
  - Contract at the start of pre-development phase to develop the site plan and schematic.
- Construction manager
  - Contract as soon as possible in pre-development, the earlier the better.
- General contractor
  - Contract at or before the construction drawings are 50% complete.

## WHO ARE THE SUPPORTING MEMBERS OF YOUR TEAM?

There are numerous other professionals who make up a development team, including the following:

- Commercial Real Estate Brokers play an important role in site selection and acquisition.
- Civil engineers consider costs, regulations, environmental hazards, and site feasibility.
- Mechanical, electrical, and plumbing (MEP) engineers plan and design the complex mechanical, electrical, and plumbing elements of a project.
- Specialty consultants include dry and wet utility consultants, waterproofing consultants, structural engineers, contract administrators, landscape architects, interior designers, and many others.

## 2. The basics of contracting and selecting your team

### WHAT DO I NEED TO KNOW ABOUT THE CONTRACTING PROCESS?

**A legally binding contract must be completed between you (or the legal entity for your facility) and each development team member before they provide you with any services.**

The contract must clearly spell out:

- The scope of services to be provided
- The time frame during which services will be provided
- The respective parties' rights and responsibilities
- The fee schedule
- Other matters that define the nature of the relationship between owner and development team member

The building and construction industry relies heavily on standardized contracts developed by the American Institute of Architects (AIA) for contracting with construction managers, architects, general contractors, and lenders. However, these contracts can be used simply as a starting point. The link to the AIA contracts site is listed here: [www.aiacontracts.org](http://www.aiacontracts.org).



### WHAT DO I NEED TO KNOW ABOUT SUBCONTRACTOR CONTRACTS?

General contractors use standardized forms provided by the Associated General Contractors of America (AGC) to contract their subcontractors. **The general contractor's bid on your scope of work should include the following:**

- The contractor's proposal should have a **detailed bid of materials and labor** attached to it.
- The proposal price should include/add a **10% contractor contingency**.
- The proposal price should **include all permits**.
- The proposal should lead to a **GMAX (Guaranteed Max Price) contract**.
- Your **architect should review and confirm** the contractor's scope.

Your **real estate attorney should draft a GMAX construction agreement**.

There are also standard contract forms for bonding, insurance, and other legal representations and warranties. Your general contractor should provide general conditions of the contract (sometimes separate from the actual construction contract) that outlines rights, responsibilities and duties of the owner and contractor, as well as contract modification forms used for change orders. You can learn more about these contracts here: [agc.org](http://agc.org)

### KEY POINTS

- Even when your development team relies on standardized forms of contracts, you must read them closely to make sure you understand their key terms and conditions.
- Your attorney should review all documents before you sign any contract.

## HOW DO I FIND CANDIDATES AND MAKE THE BEST SELECTION?

### 1. Defining the selection process

The first question is who will be involved in selecting the team members. This can vary for different roles and as additional team members come on board. Depending on the scope of your project, you might form a committee that includes stakeholders, staff members, and the project manager. Those involved should decide on a clear process for selection. Options include:

- Everyone must agree on the candidate (coming to consensus).
- A majority must agree.
- The owner simply asks for feedback and makes the final decision.

### 2. Identifying and researching candidates

Searching online and checking with your network for referrals are the most common ways to identify potential candidates. It can help you save time if you “pre-qualify” candidates (or their firms/businesses, when relevant) by reviewing their websites for specifics about their experience. Possible pre-qualification criteria include:

- Reputation
- Relevant experience
- Quality of work
- “Repeat” customers

### 3. Reviewing proposals

For some roles, you may solicit proposals by issuing a request for proposals (RFP). This is most common for finding general contractors but is sometimes used to select architectural firms, as well. Upon receipt of the proposals, you should consider:

- Qualifications of the project team
- Reputation and relevant experience
- Track record of completing projects on time and on schedule
- Familiarity with local requirements
- Fees

### 4. Interviewing candidates and references

This guide provides examples of questions that can be asked of each potential team member and their references to help find the best fit. Speaking with references is critical, and although the different types of questions you ask may vary, always ask whether the person would work with the candidate again.

### 5. Making your selection

Experience with similar types of projects and challenges, especially at the local level, should be a major consideration. Additionally, experience in real estate and regulatory environments, technical expertise, and understanding of your funding requirements are important. Additionally, the handful of key people in your core team will spend countless hours in meetings and tasks with each other for at least a year, so compatibility is important. Questions to consider:

- Does the candidate seem enthusiastic about your project and committed to it?
- Is their personality well suited to collaboratively working on the development team, and are they an effective communicator?
- Do you feel you have a good rapport and could work well together?

### 3. Steps and strategies to build your team

#### THE REAL ESTATE ATTORNEY: YOUR #1 HIRE!

The real estate attorney's role is to protect you from any legal or business concern that would affect the viability of the project and the ability to provide services to the target audience. They will advise you on acquisitions, leasing, negotiations, insurance, and financing. They will draft legal agreements, write letters of intent, oversee property closings, and write or review many contracts before the project is finished.

#### Scheduling and conducting the interviews

Often, the first visit with a lawyer is free. Schedule initial consultations with several different candidates to discuss your project and ask questions. Ask everything you need to feel confident this attorney is right for you. Questions should be focused on their background, processes, and payment arrangements.

#### Your 1st and most important hire

- Protects interests of owner & health center
- Advises on all legal and business concerns
  - Land use & acquisitions
  - Leasing
  - Contracting team members
  - Negotiations
  - Strategy
  - Insurance
  - Communications with stakeholders

#### Prior experience

- How long have you practiced law?
- What is your previous experience with similar cases?

#### Practices

- How do you communicate with clients?
- If you have complex or tax-exempt financing arrangements, ask if there are any limits to their representation.

#### Fees and payments

- What is your fee structure?
- Are there additional fees for producing documents or communications?
- What is your billing cycle?
- When do you expect to be paid?

#### Making a decision

To identify your best candidate, conduct several interviews, check their references, and consider their experience, practices, and fees. Costs should not be the only factor. The phrase “you get what you pay for” is often true. **You want your attorney to be your trusted advisor on all legal and business issues.**

#### Contracting with a lawyer

You will complete a retainer or engagement agreement with your attorney. Make sure to address the specific services to be provided, terms, fees and payment schedules, and expense details. Additional details to address include conflicts of interest, disputes, decision-making processes, and processes around termination (Law Office of Daniel L. Abrams, n.d.).

#### Resources

- [Ten Tips To Think About When Hiring A Lawyer \(forbes.com\)](https://www.forbes.com)
- [Ten Issues To Consider Before Signing Your Retainer Agreement - Daniel L. Abrams - Legal Malpractice and Business Litigation: Daniel L. Abrams – Legal Malpractice and Business Litigation \(lawyerquality.com\)](https://www.lawyerquality.com)
- [Lawyer Attorney Engagement Letter Sample \(eforms.com\)](https://www.eforms.com)

## CONSTRUCTION MANAGER

The construction manager (CM) assembles and manages the development team; oversees the budget, scope, and schedule; reviews design and planning documents; maintains compliance with funding requirements; and monitors the construction process once started. Ultimately, the CM is the project manager and will develop project budgets and operating projections, solicit construction bids, and provide you with monthly reports on the project status.

### Your 2<sup>nd</sup> hire

- **Assembles** and **manages** development team
- **Reports** to owner
- **Works** with architect to design physical space
- **Manages** underwriting, budgets, scope, and schedule
- **Obtains** design review and planning approvals
- **Maintains** compliance with all funders
- **Implements** and monitors the construction process

Their concerns throughout each phase of development are for the cost, time, quality, safety, disputes, and personnel of the project. Most savings opportunities in construction are identified during the planning and pre-development phase. The sooner you hire the CM, the more you will benefit from their expertise in cost-effective project planning and coordination.

### Conducting interviews

There are several topics to discuss with CM candidates.

#### 4. Prior experience and technical expertise

- How many projects have you led, of similar type, size, and complexity, in the past 5 years?
- How have you demonstrated your ability to complete quality projects on time and on budget?
- What is your experience with bidding construction contracts? Do you feel comfortable leading the bidding process?
- What is your experience with construction document administration?

#### 5. Project-specific experience and skills

- What is your experience with behavioral health construction? How much of this experience has occurred locally?
- What is your understanding of the unique needs of a community health center setting?
- What are your ideas for cost-effective solutions to meet the design needs for this project?

#### 6. Regional experience and connections

- Do you know the local real estate community, and do you have a deep bench of professional contacts?

### Talking to references

The CM candidate should provide references from local contractors, subcontractors, tradespeople, and owners with whom they have worked. It is important to confirm the candidate's answers to the above questions and overall track record by following up with these references. If possible, visit the CM's prior projects.

### Making a decision

It is crucial that the CM have commercial real estate development experience. The feedback from references, strength of local connections and experience, understanding of your project needs, and overall suitability are key factors to consider. Additionally, based on your interactions, think about whether the CM candidate has the leadership and relationship skills to perform effectively.

## HEALTH CARE ARCHITECT

The health care architect is the project's creative leader and must turn ideas into workable, cost-effective solutions. The architect is responsible for designing a "buildable" building; developing plans, specifications, and bidding documents; attending construction meetings; visiting the site; and signing off on work completed and payments to the general contractor.

It is helpful to begin working with an architect early in the needs assessment process to get a visual representation of how your organization's space plans lay out. However, the firm hired for the pre-development drawings may or may not be the firm selected for the final project.

### ***Hire immediately to develop site plan & schematic design***

- **Determines** the feasibility of sites
- **Hires and manages** engineers and consultants
- **Assists** with preliminary cost estimates
- **Leads** team in creation of schematic drawings (SDs), design drawings (DDs), and construction drawings (CDs)
- **Works with** planning department and secures building permit approvals
- **Monitors** construction and confirms work % completed

### Conducting interviews

Common questions posed to the architect are similar to those asked of the CM. They relate to team involvement, managing costs effectively, and the candidate's relationships with supporting consultants.

#### 7. Prior experience and technical expertise

- How many projects have you designed, of similar type, size, and complexity, in the past 5 years?
- How have you demonstrated your ability to complete quality projects on time and on budget?
- What is your experience with local regulatory, zoning, and permit issues?
- What is your experience with bidding construction contracts? How can you add value to the bidding process?

#### 8. Project-specific experience and skills

- What is your experience with construction, construction management, and construction administration? How much of this experience has occurred locally?
- What is your understanding of the unique needs of a community health center setting?
- What are your ideas for cost-effective solutions to meet the design needs?

### Talking to references

The architect candidate should provide references from local contractors, subcontractors, tradespeople, and owners with whom they have worked. It is important to confirm the candidate's answers to the above questions and overall track record by following up with these references. If possible, visit the architect's prior projects.

### Making a decision

The decision criteria for the architect is very similar to that for the CM. Consider feedback from references, strength of local connections and experience, understanding of your project needs, and overall suitability. Additionally, based on your interactions, think about whether the architect candidate has the leadership and relationship skills to perform effectively on the team.

### Resources

The [Consumer's Guide to Hiring an Architect](#) was produced by the California Architects Board and provides detailed information about hiring licensed architects, managing the project, and methods to address concerns or disagreements.

## GENERAL CONTRACTOR (GC)

The general contractor, or GC, coordinates and leads all aspects of construction and subcontractor management. Another primary duty is to ensure that all state and federal wage and labor standards are met and that they follow all local laws and regulations.

A GC can also provide “value engineering” by assessing hard costs and suggesting alternative ideas, designs, and sources that save money (GSA, 2019).

**Hired after start of CDs through RFP process, bid review, and interviews**

- **Coordinates and leads** all aspects of construction
- **Manages** insurance coverage and building permits
- **Contracts** with subcontractors
- **Manages** scope, schedule and cost
- **Ensures** all state and federal wage and labor standards are met
- **Follows** CA Labor Law 1720 and Public Works

In most cases, the contract with the GC will be the single largest item in the development budget. The GC should be an experienced builder who has a reputation for quality construction and a proven record of completing projects on schedule. They should have specific experience with projects like yours, especially if your structure will have a laboratory, medical records storage, pharmacy, or other healthcare infrastructure. Selecting and hiring a good GC is a critical decision for project success.

### Understanding the GC hiring process

The GC is contracted later in the process and is usually the only person recruited from an RFP and bid review. The project manager or construction manager leads the process, which has eight steps.

#### 9. 1. Establish evaluative criteria

Establish basic hiring criteria that is equitable and free of bias. It should include the following factors:

- The reputation and relevant experience of the contractor and team members
- The contractor’s experience working with nonprofit organizations
- The budget-and-schedule track record of the contractor as confirmed by references
- Evidence of repeat clients as well as the contractor’s recent project history
- The proposed construction monitoring process
- The quality and durability of the contractor’s work

#### 10. 2. Identify prospective candidates

Develop a list of known prospective candidates. Sources for this list include your architect, AGC, AIA, local chapters of other trade and professional associations, the Chamber of Commerce, your state’s primary care association, healthcare providers, and board members.

#### 11. 3. Contact prospective candidates via an RFP

The RFP is a written document that describes the proposed project, the types of services sought, the proposed schedule, and any unusual aspects of the project. The RFP also provides specific guidelines for each candidate to follow if they choose to submit a bid, such as page length, types of attachments required, due date, and so on. By issuing an RFP, you can evaluate all candidates based on the same criteria because all candidates will be asked to submit the same information.

## 12. Make a request for qualifications (RFQ)

RFQs allow the owner to gain a better understanding of the candidate's credentials. They provide a great deal of specificity about performance and are an appropriate tool for contracts that have very clear requirements. An RFQ for a GC would ask for:

- Customer references
- A list of pertinent projects
- The GC's years in business
- Banking relationships
- Surety for bonding
- Financial viability

In some instances, the owner is more concerned with the potential for a good working relationship with the bidder than their qualifications. However, when applying for financing, banks will rely on the GC's business history to confirm they will perform the duties outlined under the contract.

It is acceptable to ask candidates to supply multiple copies of their proposal so it can be reviewed simultaneously by the hiring team or committee. You may want to hold a pre-bid conference, in which you invite potential bidders to visit the site so they can get a better feel for the proposed project. This approach cuts down on your workload because you won't have to repeat the same information to multiple parties. It also helps you identify the "serious" bidders.

## 13. Review qualification materials and make a short list

GCs can deliver their qualifications package ahead of time, allowing for review of that piece before consideration of the overall bid. When checking personal references, have a single person make all the calls. This usually results in a more objective assessment of what is learned. Rank candidates into a short list of three to five firms and/or individuals to be called for personal interviews.

## 14. Conduct interviews

At least three or four people should be involved in the interview process to solicit different perspectives and share the burdens of the contract decision. Each bidder should be asked to make a short presentation and speak to their understanding of the project, their relevant experience, their enthusiasm for the project, their ability to work within timing and financial constraints, and other relevant factors. Asking identical questions in each interview will make it easy to compare answers fairly.

### Interviewing General Contractor Candidates

When interviewing GC candidates, you will ask not only about the experience of the GC but also about their team. Questions include:

- Who will be assigned to the proposed project team and what are their qualifications?
- How will the GC and key personnel, such as the site supervisor or project superintendent, be involved on a day-to-day basis?
- What is your approach to cost control and value engineering?
- What is your experience in obtaining local approvals?
- What is your bonding capacity and insurance coverage?
- What are your procedures for solving design problems?
- What is your overall approach to construction of the building?
- How much experience do you have working with nonprofit agencies and/or publicly financed projects?
- What is your approach to onsite employment inquiries?

## 15. Evaluate proposals

Consider the interview experience with each finalist using the evaluative criteria developed earlier, and ensure that all reference checks are complete. Speak with owners and/or architects of previous projects in which the selected GC was involved. Work with your team to make the best selection. See the Resources list at the end for a list of questions to ask GC references.

## 16. Hire a candidate

Negotiate a contract with the winning bidder, and have your attorney write up a contract for hire using the AIA contract for GCs. Cordial relationships are encouraged with the losing bidders, in case some unforeseen event occurs and you have to restart the process. Be prepared for requests for debriefings by the unsuccessful candidates and decide ahead of time your policy on debriefings and how much information you want to share.

### Resources

- [Planning a Real Estate Project \(mccormickpcs.com\)](http://mccormickpcs.com)
- [Breaking Ground: A Comprehensive Planning Guide for Health Center Projects](#)

### References

Law Office of Daniel L. Abrams. (n.d.). *Ten issues to consider before signing your retainer agreement*.  
[https://www.lawyerquality.com/article\\_retainer\\_agreement/](https://www.lawyerquality.com/article_retainer_agreement/)

U.S. General Services Administration. (2019). *Value engineering*. <https://www.gsa.gov/real-estate/design-construction/engineering-and-architecture/value-engineering#>

## RESOURCE: TALKING TO REFERENCES ABOUT THE GC

Speaking to individuals with experience working with the GC is critical in making the hiring decision. These stakeholders include property owners, project professionals and inspectors, subcontractors, and suppliers. Possible questions for each are detailed below.

### Owners

For some questions, it can be useful to ask for ratings of a GC's performance. For example, ask the reference whether they could say the GC's work was "excellent, average, or poor." Or, for information that is related to frequency, ask whether the GC did something "always, usually, or rarely." This can help provide feedback that can be compared between candidates.

- What type of project did the contractor perform for you? What was the contract amount?
- Did you have difficulty in keeping the contractor on schedule?
- How would you rate the contractor's superintendence and scheduling on the project? For example, were subcontractors scheduled logically? Were long-lead items ordered sufficiently in advance?
- How would you rate the contractor's ability to build according to the contract documents?
- How would you rate the contractor's willingness/ability to work with the [District/City/County] in carrying out the intent of the contract documents?
- Approximately how many Requests for Information (RFIs) did the contractor submit?
- Approximately how many change order requests did the contractor submit?
- How many change order items were taken to the board? (*This is not the same as asking what number of change orders was approved, because a single change order can incorporate numerous change order items.*)
- What was the final change order to contract value ratio?
- Did you have difficulty obtaining documentation for change order requests?
- How many stop notices were filed on the project?
- Were any lawsuits filed on the stop notices?
- Was there a claim or lawsuit between the contractor and [District/City/County]? If so, how was it resolved?
- What overall rating would you give the contractor?

### Project professionals and inspectors

- Did the contractor provide adequate, competent personnel?
- Did the contractor provide adequate, competent supervision?
- Did the contractor have adequate equipment and/or supplies on the job when needed?
- Did the contractor complete reports and other paperwork in a timely manner?
- Were there an inordinate number of change orders on the project?
- Did the contractor return change order documents in a timely manner?
- Did the contractor prepare accurate, up-to-date record drawings?
- Was the work completed on time?

### Subcontractors

- Does the contractor respond in a timely manner to your questions and concerns on the job?
- Has supervision by the contractor on the job been sufficient?
- Does the contractor pay in a timely manner?
- Has it been necessary to file a stop notice against this contractor?
- If yes, was it resolved before a lawsuit needed to be filed?
- If a lawsuit was filed, how was the issue finally resolved?

### Suppliers

- How long have you been a supplier for this contractor?
- Describe your working relationship with this contractor.
- What is the contractor's payment history? (30, 60, 90 days, etc.)