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Getting What You Pay For

Last month we discussed safeguarding the interests of the church with inspections and billing reviews. There are several other things that a church can do to insure that it gets what it is paying for during the construction process.

The church should try to pay at the end of each month only for labor that is completed and materials that are on the jobsite. If the church is working with a General Contractor (GC), the church would want an independent party, such as the architect, to approve monthly payments to the builder. If the church is working with a Construction Manager (CM), he will establish the amount to be paid to subcontractors and the church will pay all subs and suppliers directly. Especially on a GC job, the church needs a way to verify that those providing labor and materials are actually getting paid. The builder should return a signed receipt and waiver of lien to the church from each subcontractor receiving money each month.

When working with a GC, any changes on the project should be agreed to in writing. Since a fixed project cost is not established on a CM job, it is important that the church have an itemized project budget. The CM can offer the church a monthly comparison of the budget versus the actual costs.

Additionally, some states allow building contracts to include a provision that no liens can be filed against the owner by anyone supplying labor or materials on the project. You should consult with an attorney familiar with your local lien laws. The church can also withhold retainage from subcontractor payments until assured of proper performance.

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