



PCM
Precision Construction Management Ltd



Introduction

PRELIMINARY BUILDING AGREEMENT

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Introduction – What is a Preliminary Building Agreement (PBA)

A Preliminary Building Agreement (PBA), when done correctly, is designed to protect you and your Builder from unsightly hidden costs during your build.

A detailed PBA is one that has been custom designed specifically for your block of land and your custom home. It allows the Builder to obtain the necessary reports to carry out an effective investigation into your build site so they can see exactly what can and cannot be done.

The goal of a PBA is ensure that your chosen Builder has all of the necessary information they need to prepare an in-depth and accurate fixed price tender so you will not be hit with sudden, unexpected costs during the building process.

Do you need a PBA?

The short answer is YES.

That is if you want to know the true and accurate fixed cost to build your home prior to starting any building works.

By engaging a professional Builder who takes the time to provide an in-depth, customised PBA specifically for your home, you are ensuring that your Builder is investigating your build site thoroughly and competently, before you are locked into a contract.

You are much better off paying money for a PBA up front prior to signing a contract than being hit with unexpected hidden costs once the build has commenced.

Why Precision Construction Management (PCM)

PCM is a small bespoke company and the owner works directly with all clients.

Brent has more than 35 years' experience in the building industry, specialising in both commercial and residential builds, so you know you are working with an expert.

PCM offers complete financial transparency, with all cost savings passed directly back to the client.

We take care of the entire build process, from the concept and design phase through to completion.

PCM's guaranteed maximum price contract offers all-inclusive pricing, with no surprises.

A member of New Zealand Certified Builders Association (NZCB), offering Halo, New Zealand's most comprehensive 10 year residential guarantee.

We remove the hard work and stress from the building process, enabling you to enjoy the journey of making your dreams a reality.



Brent, the Director of PCM has more than 35 years' experience in the building industry, specialising in both commercial and residential builds. His extensive and successful career includes the management of a number of large commercial projects which include:

Waitakere City Council Civic Centre, Auckland, \$46m

Waitakere Sports Complex, (Trusts Stadium) Henderson, Auckland, \$27m

Sacramento Apartments, Botany, Auckland, \$17m

Waitakere Grandstand, Henderson, Auckland, \$7.2m

Yellow Pages, Greenlane, Auckland, \$18m

Brent's significant commercial experience provides expertise in managing pre-cast and tilt-up panel construction and placement. This is most recently visible in his latest residential build, a 300 m2 glass and pre-cast Nirvana panel home.

Brent's knowledge and experience in managing residential builds for a number of building companies was his motivation to start up his own company which offers a significant point of difference.

PCM offers complete financial transparency, with all cost savings passed directly back to the client.

Throughout the build process the client has complete visibility of build invoices. If cost savings are realised the client has complete flexibility of where to allocate the savings. It may be to upgrade their kitchen appliances, tile bathroom walls, or simply to reduce the overall build cost.

PCM have a professional team of business partners, consisting of consultants (architect, engineers and planners) including sub-contractors and suppliers. PCM have NZCB approved builders and offers a Halo guarantee, which is New Zealand's most comprehensive 10 year residential guarantee. This unique cover is a safety net for your building project that's only available when you work with an NZCB approved builder.

Having extensive experience with the Resource Management Act 1991, and solid working relationships with Whangarei District Council and local Planners, PCM also offers support throughout the subdivision process.

Brent has recently completed a subdivision on the outskirts of Whangarei.

The small and friendly team at PCM will work with you to make your ideas and dreams your reality. They will work with you through the complete build process, from the concept and design phase through to completion.

Process

1. Agree a budget including Preliminary Building Agreement (PBA)
2. Sign PBA
 - a. Pay plan deposit for concept drawing
 - b. Obtain Project Information Memoranda (PIM) from Council (if required)
 - c. Obtain Land Information Memorandum (LIM) from Council (if required)
 - d. On site investigation
 - e. Surveyor engagement (if required)
 - f. Engineers Suitability Report (if required)
 - i. Geotechnical investigation
 - ii. Effluent and waste water disposal
 - g. Structural engineering (if required)
3. Concept Design
 - a. Develop and agree concept drawings
 - b. Passive House Planning Package (PHPP) (energy modelling report)
 - c. Sign off concept drawings by client
4. Building Estimate
 - a. Develop drawings and documents for pricing
 - b. Present client with detailed quote (may include PC Sums)
5. Building Contract
 - a. Sign Building Contract
6. Building Consent
 - a. Finalise drawings and documents
 - b. Lodge Building Consent
 - c. Building Consent granted and issued
7. Start Construction. Below are the 8 typical Contract stages and payment.
 1. **10% Payment Claim 1.** Deposit, payable on signing the contract.
 2. **20% Payment Claim 2.** Payable prior to the commencement of construction.
 3. **20% Payment Claim 3.** Payable when the floor is down.
 4. **20% Payment Claim 4.** Payable on completion of frames.
 5. **10% Payment Claim 5.** Payable on completion of roof.
 6. **10% Payment Claim 6.** Payable on lock up.
 7. **5% Payment Claim 7.** Payable on completion of internal fixings.
 8. **5% Payment Claim 8.** Payable on Practical Completion.
8. Completion
 - a. PCM will arrange Council final inspection for all contract works
 - b. All relevant documentation for Code Compliance Certificate (CCC) will be provided to Council.
 - c. Handover
 - i. Final client walk-over of your new house will ensure our quality is met
 - ii. Handover of house keys and completion pack, with includes product manuals, maintenance schedules, warranties and guarantees.

Preliminary Building Agreement

Parties

Precision Construction Management (**PCM**)

[-----] (**Customer**)

1. Introduction

1.1. PCM and the Customer enter this Preliminary Building Agreement (**PBA**) for PCM to provide services to the Customer that are preliminary to a build contract. The Customer is under no obligation to enter a build contract pursuant to entering this agreement.

2. Services

2.1. The services under this agreement may include, but are not limited to:

	Required	Estimated Cost
Obtain Project Information Memoranda (PIM) from Council		
Obtain Land Information Memorandum (LIM) from Council		
On site investigation		
Surveyor Report		
Engineer Suitability Report		
Structural Engineering Report		
Passive House Plan Package (PHPP) (energy modelling report)		
Design development for pricing (with engineer, architect and contractors)		
Concept drawings and development		\$3,000: build up to \$500K; 0.5% of proposed build budget thereafter

3. Charges and Payment

- 3.1. The Customer shall pay all disbursements. Disbursements may include, but are not limited to: council fees; surveyor, engineer, draughting and other expert fees; and modelling reports. The Customer shall authorise such disbursements in writing prior to such work being instructed and shall pay the invoiced sum for all subcontracted services in advance, unless the parties agree otherwise.
- 3.2. The Customer shall also be responsible for any reasonable costs and disbursements PCM' incurs under this agreement including travel, accommodation, administration, consumables and stationary.
- 3.3. PCM shall add a margin of 15% to all third-party invoices for work obtained under this PBA (**Margin**).
- 3.4. PCM shall charge an hourly rate of \$140 an hour (plus GST), charged in 30-minute increments, for the time taken in management of the investigation and design process (**Management Fee**).
- 3.5. Travel costs shall be charged as time plus disbursements, with time charged at the rate of the Management Fee and travel costs charged at 82 cents per kilometre.
- 3.6. PCM may choose to invoice at regular intervals or on completion of project stages.
- 3.7. If you fail to pay an invoice in full by the due date then interest is payable on the unpaid sum at the rate of 2.5% per month on the amount outstanding calculated from the due date until payment is made in full. The Customer agrees to pay any costs (including debt recovery and legal fees) PCM incurs in recovering any outstanding amount from the Customer. This clause shall survive termination or expiry of this agreement.
- 3.8. A portion of the Management Fee may be deducted from a building contract entered pursuant to this PBA within 12 months of the date of the last invoice issued under this agreement. The parties shall agree a sum that is fair and reasonable to deduct from the price of the building contract. The Margin and disbursements shall not be deducted.

4. Intellectual Property

- 4.1. PCM owns all present and future, beneficial and legal ownership in respect of, or in connection with any copyright, design and any other intellectual property rights, including but not limited to building plans, concepts, architectural plans and designs created, produced or conceived under this PBA, including any ideas developed with or by the Customer for the purpose of this PBA (**Intellectual Property Rights**). PCM owns any and all Intellectual Property Rights in the drawings, architectural plans and designs (whether or not registered or protected by copyright) howsoever recorded or stored. For the avoidance of doubt, copyright protection in the protected work is not extinguished by commencement of construction.
- 4.2. The Customer acknowledges and agrees that PCM' owns the Intellectual Property Rights as contemplated under this clause 4 and that the Customer is not granted any rights, title or interest whatsoever in the Intellectual Property Rights unless agreed in writing by PCM. Any improvements, developments or enhancements in or to the Intellectual Property Rights, whether created or devised by PCM or the Customer, or any of their related parties or any of their personnel or sub-contractors, will immediately upon creation vest in and be owned by PCM. The Customer shall notify PCM if it becomes aware of any infringement in relation to PCM' rights under this agreement. The Customer indemnifies PCM in relation to any breach of this clause. This clause is intended to survive termination or expiry of this agreement.

5. Scope of Engagement

- 5.1. PCM facilitates an investigation and design process that enables the Customer to make informed decisions. It does not provide expert advice – this is provided by the relevant expert engaged. It does not make decisions – this is done by the Customer. PCM accepts no responsibility for the content of any expert reports or any decisions taken, whether on the basis of such reports or otherwise.
- 5.2. The services are limited by the instructions received. PCM shall not be responsible for advising on aspects of the build such as title boundaries and issues (including covenants or easements) or location of any utility lines or other site characteristics unless expressly so instructed by the Customer.
- 5.3. All plans developed under this PBA remain subject to consenting approval by the territorial authority.
- 5.4. PCM shall not be responsible for any delays in the process that are outside of its control.
- 5.5. If these services are acquired by the Customer in trade, then the Consumer Guarantees Act 1993 shall not apply to this agreement.

6. Ending this Agreement

- 6.1. Either party may end this agreement immediately on written notice to the other, including to an email address the recipient is known to regularly use, which shall be deemed to be received when sent.
- 6.2. Upon such notice, PCM may invoice for all services not invoiced at the date of the notice and the Customer shall pay such invoice and any other outstanding amounts.
- 6.3. Pursuant to the Intellectual Property Rights of PCM, the Customer shall have no right to use any drawings, concepts or architectural plans and designs to construct a building without the written consent of PCM.

7. General

- 7.1. The Customer warrants that it has obtained all corporate and other authorities necessary to become bound to the terms and conditions of this agreement.
- 7.2. The Customer may not assign all or any of the benefits of this agreement without the prior written consent of PCM.
- 7.3. This PBA constitutes the full agreement between the parties and supersedes all prior negotiations, proposals and agreements whether oral or written with respect to the subject matter of this agreement.
- 7.4. These terms are subject to the laws of New Zealand. All disputes between the parties shall be determined by the courts of New Zealand, and the parties submit to the exclusive jurisdiction of the same.

SIGNED by the parties:

By [Name & Name] (if personal) _____

Date:

By [Name of Company]
by its Director _____

Director's full name

Date:

By [Name] as trustee of
the [____] Trust
(repeat for every trustee) _____

Date:

By Precision Construction Management
by its Director _____

Director's full name

Date: