



## QUARTERLY NEWSLETTER

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### THE IMPORTANCE OF GENERAL CONDITIONS

General Conditions is a term that is used in the construction industry to describe those costs required to *support the project*, and do not reflect any assets that will remain in-place, such as structure or infrastructure. Although general conditions do not add to the value of the asset, they are critical costs that cannot be overlooked in the project budget development.

The term general conditions is used in a variety of ways, depending upon what type of contractor you are talking to. More sophisticated General Contractors are very acquainted with the term, and are diligent about including general conditions line items to reflect the project related support costs. Smaller builders are far less acquainted with the term, and very often do not consider these costs budget line items, but instead, absorb them.

These costs relate directly to the Contractor's costs of managing the project work, and provide a funding source for the tools and facilities required to do the project work, or support for those who are working on the project. They are sometimes broken down and disbursed on a detailed basis, or lumped together and labeled "general conditions" as a single line item and disbursed on the basis of the percentage of work completed. The list to the right offers examples of job-site costs that could be part of a lumped general conditions line item or separated out as individual costs throughout the project. These are a few examples and do not include every general condition.

Funding for these costs is drawn on a monthly basis, funded by the budget amount either in a lumped

general conditions line item or as individual general conditions. If general conditions are reflected as a lump sum, the monthly disbursement should not exceed the percentage of work completed on the project at the time of the approved draw inspection.

General Conditions are real costs to the Builder and need to be included in all construction budgets to adequately support the project.

#### EXAMPLES OF TYPICAL

#### GENERAL CONDITIONS ON A PROJECT

- Superintendent*
- Miscellaneous Labor*
- Miscellaneous Materials*
- Daily and Final Clean-up*
- Dumpster and Garbage Hauling*
- Temporary Office or Storage Facilities*
- Temporary Toilet*
- Temporary Power*
- Temporary Water*
- Temporary Heat*
- Temporary Telephone/Fax*
- Temporary Signs*
- Temporary Fencing*
- Small Tools*
- Consumables*
- Safety Equipment, Barricades & Barriers*
- Rental Equipment*

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## OUR CUSTOMER SERVICE

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Here at GMC-CMI we pride ourselves on several things, one of which is our customer service. You can depend on the team at GMC-CMI for prompt, friendly responses to your questions. We are able to do this because every member of the team is equipped with the knowledge to answer our clients questions.

One of the most frequently asked questions is the status of a report. If you call or email any of us at GMC-CMI we will be able to tell you if a project has been inspected and when the report will be emailed or uploaded to our website.

Call or email us with our questions and we will respond to you with a prompt and accurate answer.