

Who Should Manage Your Property's Next Capital Project: Your Property Manager or an Independent Project Manager?

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Sooner or later, your property is going to be faced with a major capital project. It could be repaving the driveway, renovating apartment terraces, replacing the roof, or responding to Local Law 11. Whatever it is, the project will likely require the input of outside professionals such as engineers, architects, and/or designers; it will consume a serious amount of capital; it will probably cause some temporary inconvenience or inaccessibility for your residents; and it will most certainly demand a level of attention that run-of-the-mill maintenance projects do not. When such a situation presents itself, you are well advised to ask the same questions that the most prudent Boards ask when undertaking a major capital project: Who should oversee this project? Should it be our property manager, or would we do better to engage an independent project manager? Here's what you need to know to best answer these questions for your situation.

What are the similarities and differences between a property manager and a project manager?

A property manager is responsible for the daily and ongoing operation and maintenance of a residential property. This responsibility includes implementing and overseeing maintenance/preventive maintenance programs; creating job descriptions and work schedules, and supervising, hiring, training, and disciplining staff as well as overseeing all contracted labor; tracking and maintaining property inventory; receiving and addressing Board and resident work orders, inquiries, and complaints; maintaining accurate files and records; issuing notices for and attending all Board and property meetings; reviewing contracts and evaluating bids from goods and service providers; assuring that the property operates within its budget; ensuring that the property and all residents comply with internal, local, state, and federal laws and regulations; cultivating mutually respectful working relationships with the property's attorney, accountant, and other professionals; establishing and maintaining productive, cordial relations with the property's Board and residents; and participating in the planning of any capital projects that the property may seek to undertake. Property management is a full-time job.

A project manager, in contrast, is responsible exclusively for the organization and management of all resources necessary to execute a major capital project. It is the project

manager's responsibility to ensure that the project gets done on time and on budget. This responsibility entails integral, ongoing participation in every aspect of the capital project, including involvement in the processes governing bidding; management of timelines and phase scheduling; coordination with vendors, contractors, and municipal and governmental agencies; vendor/contractor performance quality control; vendor/contractor payment phases; resident work schedule notification; and frequent, transparent reporting to the Board. Project management, too, is a full-time job.

There is no question that the property manager, with his/her intimate knowledge of the property, its requirements, and its budget, needs to be involved in the planning of any major capital project the property undertakes. But given that property management in and of itself is a full-time job, it may not be reasonable to demand that the property manager also manage a complex major capital project. That is where the involvement of an independent, objective, professional project manager, dedicated only to the defined timeline and scope of the capital project in question, enters the picture.

What are the pros and cons of a property manager vs. a project manager to manage a major capital project?

The Board that instructs their property manager to assume the formidable additional task of managing a major capital project could possibly realize a cost saving in comparison with paying the fee of an independent project manager. Additionally, because the property manager is so entrenched in the property, the Board may also experience a deeper sense of 'ownership' about the project from the property manager than from an outside project manager.

That said, the Board that expects their property manager to also function as a project manager might also have to expect that the property manager will need to reallocate his/her time to the fulfillment of two full-time tasks. Consequently, property management may suffer from less time dedicated to day-to-day, routine, and important matters and reduced accessibility to the manager for residents, staff, and others, while capital project management may suffer from less than completely attentive supervision. Additionally, a property manager's possible lack of experience and expertise in capital project scope may result in subpar project quality, budget overruns, and even future litigation. Arguably most important, the property manager who has also been assigned the role of project manager will likely burn out very quickly from the concurrent stresses of these two demanding positions and be no good as either a property manager or a project manager.

On the other hand, the Board that engages the services of an independent project manager brings into the picture an expert whose job is to accept professional ownership of the project, and whose sole purpose and reputation rest on bringing in the best executed project on time and on budget. It is the project manager's contractual obligation to oversee all aspects of the project from start to finish; to ensure the greatest possible level of clear, advance communication with residents simultaneous with the least possible level of inconvenience; and to report to the Board in a manner that demonstrates complete objectivity, transparency, and a lack of vested interest. Moreover, the introduction of an expert project manager means that the property and its decision-makers will benefit from the scrutinizing oversight of an experienced professional who can identify and differentiate between poor, average, and superior work and can thus greatly help the property to avoid future lawsuits. While some Boards may consider the cost factor of engaging an independent project manager to be an unnecessary and additional expense, in reality the project manager's job boils down to ensuring that the property gets the best project at the best price.

So who should oversee your property's next major capital project?

When deciding whether a capital project should be managed by the existing property manager or by an independent project manager, the practical Board has several factors to consider. Primary among these are the full width and breadth of the property manager's daily responsibilities and time commitments weighed against the cost of introducing to the project an objective, experienced expert whose only purpose is to ensure the quality and cost efficiency of the project. The engagement of an independent project manager appears to be the logical response for prudent Boards seeking to maintain a constant and reliable level of property management while achieving the best possible major capital project result.

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