

Construction Claim & Cost Analysis

Construction Cost Audit on a Nightclub

The Problem

A historic 1921 downtown Los Angeles building was converted into a 4-level, above and below-grade nightclub. The repairs and retrofitting of the above-grade structure, as well as the build-out of the nightclub, were paid for by the Tenant. A dispute arose between the Tenant and Owner related to the \$3 million cost of the work claimed by the Tenant, who was in bankruptcy, for the retrofit/repair (Owner responsibility) versus the nightclub build-out (Tenant responsibility).

The Solution

PFCS was hired by the Owner to review the project documents and to prepare a report regarding the costs and expenses that could reasonably be attributed to the retrofit of the structure compared to the costs associated with the build-out of the club. PFCS carefully reviewed all of the documents subpoenaed from an accountancy firm, consisting mostly of checks and invoices related to the retrofit process and expenses incurred in updating and refurbishing the nightclub. Following this detailed review, PFCS clearly outlined the costs that were relevant to the nightclub build-out versus the costs associated with the building envelope and structural repairs. PFCS presented the financial analysis in a deposition, which ultimately resulted in a favorable settlement for the Owner.



Pete Fowler
CONSTRUCTION
Consultants