

**REQUEST FOR PROPOSALS: MODEL AND GUIDELINES FOR
CONSTRUCTION MANAGER SERVICES AT RISK WITH
GUARANTEED MAXIMUM PRICE
(FOR MAJOR PROJECTS ONLY)**

**CHAPTER I – OVERVIEW
INFORMATION FOR UNIVERSITIES**

1. AUTHORITY

The California State University has authority to procure its major projects using the Construction Manager at Risk with Guaranteed Maximum Price method of procurement under Public Contract Code section 10708, which states:

- “(a) When, in the opinion of the trustees, the best interests of the California State University dictate, the trustees may enter into an agreement with a contractor to provide all or **significant portions** of the **design services** and construction of a project under this chapter. The contractor shall design the project pursuant to the scope of services set forth in the request for proposals, build the project, and present the completed project to the trustees for their approval and acceptance.*
- “(b) Work under this section shall be carried out by a contractor chosen by a competitive bidding process that employs selection criteria in addition to cost. Any design work performed pursuant to this section shall be prepared and signed by an architect certificated pursuant to Chapter 3 (commencing with Section 5500) of Division 3 of the Business and Professions Code.*
- “(c) When the design of portions of the project permits the selection of subcontractors, the contractor shall competitively bid those portions. The contractor shall provide to the trustees a list of subcontractors whose work is in excess of one-half of 1 percent of the total project cost as soon as the subcontractors are identified. Once listed, the subcontractors shall have the rights provided in the Subletting and Subcontracting Fair Practices Act (Chapter 4 (commencing with Section 4100) of Part 1).”*

To provide a standard form of contracting for the Universities’ use when selecting the Construction Manager at Risk with Guaranteed Maximum Price method of procurement (CMAR), the Trustees, specifically CPDC, has created the documents herein, and secured The Office of General Counsel has reviewed and approved these documents. Universities shall modify the Contract General Conditions only through the use of Supplementary General Conditions.

2. CONSTRUCTION MANAGER AT RISK WITH GUARANTEED MAXIMUM PRICE

CMAR is a method of procuring construction of a public works project, and the CSU utilizes this methodology on major projects. CMAR project delivery consists of a preconstruction phase and a construction phase with separate contracts for each phase.

Selection of a Construction Manager (CM) is a two-step process, Request for Qualifications (RFQ) and Request for Proposals (RFP). In the first step, the University issues an RFQ, to which respondents submit Statements of Qualifications (SOQ) to the University. The University scores and ranks the SOQ, resulting in a short list of Proposers, whom the University notifies. The University then proceeds to the second step and issues a Request for Proposals (RFP) to the short list of Proposers. In the RFP the University asks contractors to submit a price on two levels: 1) to perform preconstruction, prebid and bid services, including agreeing to a guaranteed maximum price (GMP) for all construction work, and 2) to contract for construction management services at risk with a GMP. During the preconstruction phase, the CM will collaborate with the Architect on the design, constructability, cost and schedule of the Project and develop a GMP proposal to construct the Project. Upon the University's acceptance of the proposed GMP, the University may issue a contract to the CM for the construction phase. If the University and the CM do not agree upon a GMP, the University will not award the construction phase of the Project to the CM.

CPDC recommends that Universities use CMAR to obtain delivery of a large or complicated project within a fixed budget and timeline, and on large projects with any of the following elements: site or budget constraints, phasing, renovation work, or where the project will benefit from early CM design or budgeting input. Due to the potential cost impact of the CMAR fee structure on smaller projects, CPDC does not recommend the CM procurement method for projects less than \$5,000,000.

3. DESIGN ARCHITECT SERVICES IN CMAR PROJECTS

A. Architect and CM Selection and Contract

CPDC recommends that at the beginning of the Project and after the program is 100% complete, the University selects and contracts with the CM firm before doing so with the Architect. The University may select and contract with the CM after the Architect is on board, but only if done before schematic design is complete. The CM must be under contract and performing before the design moves significantly into the schematic design phase, as the Trustees are implementing the CMAR procurement method under the Trustees' design-build authority. CPDC has modified the standard Architect agreement to reflect the inclusion of the CM as part of the Project team.

B. Design-to Budget

The Architect, in collaboration with the CM, is directed to provide a base design targeted to ninety-five percent (95%) of the Budgeted Direct Construction Cost (the Design-to Budget), reference RFP 2.03, Appendix #9. The CM and Architect shall provide as a supplement to the

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base design of approximately five percent (5%) of additive alternate design enhancements for the Project. The design shall not require an additive alternate to be implemented to meet the Project program or scope requirements. The base design when taken with the five percent (5%) additive alternates shall represent the value of the Budgeted Direct Construction Cost.

The GMP Budget is the amount the Trustees have budgeted for the construction Contract. Proposers should be aware that the award of a construction Contract is contingent upon receiving an actual GMP within the GMP Budget. The CM shall guarantee its GMP price for 120 calendar days after submission of the final GMP and the letter warranting the construction documents to the Trustees, RFP 6.39. If the proposed Direct Construction Cost is five percent (5%) or more above the Budgeted Direct Construction Cost the CM, in conjunction with the Architect, shall value engineer the Project and rebid as necessary to bring the GMP to within the Construction Budget, at no additional cost to the Trustees. If the Trustees determine it is best to rebid the Project to bring the GMP back to the budget, the Trustees may withhold the CM final preconstruction payment pending the rebid.

4. BENEFITS OF CMAR

A. CM Responsibilities

In the preconstruction phase of the CMAR process, the CM is responsible for scheduling, cost estimating, systems value engineering, analyzing systems life cycle cost, providing design-build and / or design-assist elements of the contract, and reviewing coordination and constructability issues; CPDC considers that a qualified CM is more able than the Architect to address these items. The CM assumes the responsibility for the completeness and constructability of the design documents, eliminating any claims that may arise from ambiguities or conflicts in the design. The Architect is responsible for the correctness and design completeness of the technical design of the Project, and the technical interpretation of design issues.

B. Errors and Omissions

In the CMAR procurement, both the CM and the Architect can make errors and/or omissions in the documents. For the CM, error and/or omission results when the CM does not produce complete and seamless trade contractor bid packages in order to bid a complete project, or when there are conflicts or ambiguities in the Construction Documents. The Architect error or omission is the standard design error or omission by which the design professional fails to provide a technically correct, complete, and code compliant design.

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C. CM Warrants Construction Documents

The CM warrants the constructability and “bid-ability” of the Construction Documents. It is very important that the University, after all the plan checks are complete and incorporated, gives the CM a final opportunity to perform the constructability check. The Architect must then incorporate any resulting comments into the Construction Documents before the CM bids the Project to the trade contractors. As a precondition to bidding, the University must review and approve a CM submittal of the constructability documents demonstrating that all CM comments have been addressed by the Architect. The Trustees require a warranty letter from the CM at this time stating that the CM has completed the constructability check and warrants the constructability and bid-ability of the Construction Documents.

D. Administrative Cost to the Trustees

The CM bids and enters into agreements with the trade contractors, assuming liability for the administration of the trade contracts. Therefore, the University has less administrative costs since the need is less for the University to “staff up” for the Project. The University will still be responsible for the inspection and testing for the Project, and for generally administering the Project, but will find that services such as project management, scheduling review, and change order analysis are minimized.

E. Design-Assist and Design-Build Subcontracting in CM at Risk Contracting

Design-assist and design-build subcontracting is a process of bringing trade subcontractors into the design phase of a project by contracting with them for preconstruction services and subsequently construction--similar to the CM at Risk project delivery method. Advantages of this include early bidding of portions of the construction cost, incorporating the expertise of the trade subcontractor into the design phase, design around specific products, and early preparation of shop drawings. With design-assist the engineer of record remains on the A/E team. With design-build the subcontractor becomes the engineer of record for a certain portion of work, and the engineer on the A/E team is responsible for coordination of the subcontractor’s work into the project. Following are the processes for each subcontracting method.

Process for CM using design-assist (DA) trades in CMAR contracts:

1. Use of DA trade contractors shall be project specific.

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2. Maximize the use of DA trade contractors. Encourage use for MEP trades, curtain walls, foundation, fire protection, fire alarms, security, IT, BMS, and specialties.
3. The project team will make decisions regarding the best trades for DA, and jointly work through the Prequalification and RFP processes.
4. CM specifies DA scope at 50% schematic or before, but may have to wait until Design Development to issue the RFP and contract.
5. Similar to the CSU selection process for the CMAR, the CM will utilize a DA trade contractor prequalification / RFP process and a two contracts process (preconstruction and construction).
6. CM initiates an enhanced trade contractor prequalification process for DA, including advertising the bid package. The advertisement and prequalification process should include a description of the DA element and a scope of work description.
7. The CM, Campus, and Architect shall jointly select a minimum of four qualified DA trade contractors from the prequalification process to go on to the RFP phase.
8. The CM will issue an RFP to the selected DA trade contractors, similar to that used in the CMAR process, but simplified for trade contractor use. The CM's trade RFP for each DA trade contractor's scope of work will: contain a defined scope of work, publish the target budget, and require the DA trade contractor to propose a fee for preconstruction services and a target construction subcontract amount for the defined scope of work in the trade RFP.
9. The DA trades proposed cost on the RFP should be worth 30-40% of the assigned points, with quality being the remaining 60-70%.
10. Interviews and RFP evaluations should be done by the CM, University and Architect.
11. The University will issue to the CM an amendment to the preconstruction services agreement authorizing the DA portion of the trade contractor's proposal. The CM then may issue a DA subcontract to the DA trade contractor for preconstruction services.
12. During preconstruction, the trade contractor will work with the Architect to achieve the target construction subcontract amount.
13. The Architect or the architectural firm remains the Engineer of Record and may delegate some detailing to the DA trade contractor.

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14. Architect to review and approve the DA trade contractor's constructability comments, and incorporate them into the contract documents. DA input is critical to enable the trade contractor to meet the target budget.
15. DA trades shall be an integral part of the estimating for their scope of work, or scopes that they may affect.
16. Constructability is done as a peer review by the DA trade contractor.
17. When the construction documents are complete, the CM will require the DA trade contractor to propose a final construction subcontract amount. The CM may not award a construction subcontract if the DA trade contractor's proposed final construction subcontract amount exceeds its target construction subcontract amount, as amended and approved by the University during the preconstruction process.
18. If the project team deems that the DA trade contractor's proposed final subcontract amount is close enough to the target subcontract amount, and the CM is awarded a construction contract, the University will instruct the CM to award a construction subcontract. If the DA trade contractor's proposed final subcontract amount exceeds the target subcontract amount, the CM may put the work out to an open bid. The DA trade contractor may bid the work at that time.
19. If the CM lets the trade scope of work out to bid, the CM will award to the lowest responsive bidder.
20. CM will require DA trade contractors to submit a schedule of values for their scope of work.

Process for design-build (DB) trades in CMAR contracts:

1. Use of DB trade contractors shall be project specific.
2. Maximize the use of DB trade contractors. Encourage use for MEP trades, curtain walls, foundation, fire protection, fire alarms, security, IT, BMS, and specialties.
3. The project team will make decisions regarding the best trades for DB, and jointly work through the Prequalification / RFP process.
4. CM specifies DB scope at 50% schematic or before, but may have to wait until Design Development to contract.

4 E (continued)

5. Similar to the selection process for the CMAR, the CM will utilize a DB trade contractor prequalification / RFP process and a two contracts process (preconstruction and construction). Both contracts are held by the CM.
6. CM initiates an enhanced trade contractor prequalification process for DB, including advertising the bid package. The advertisement and prequalification process should include a description of the DB element and a scope of work description.
7. The CM, University, and Architect shall jointly select a minimum of four qualified DB trade contractors from the prequalification process to go on to the RFP phase.
8. The CM will issue an RFP to the selected DB trade contractors, similar to that used in the Trustees' Design-Build process, simplified for trade contractor use. The CM's trade RFP for each DB trade contractor's scope of work will: contain a defined scope of work, publish the target budget, and require the DB trade contractor to propose a fee for preconstruction services and a construction subcontract amount for the defined scope of work in the trade RFP. During preconstruction, the DB trade contractor will work with the Architect to achieve the target construction subcontract amount.
9. The DB trade contractor will propose on the completed cost for his scope of work in the RFP.
10. Interviews prior to the RFP evaluations may be done by the CM, University and Architect.
11. The CM's DB trade contract award will be based on an evaluation by the award committee. RFP evaluations should be done by the CM, University, and Architect.
12. The award committee will factor in quality points and total cost points to determine which proposer may be awarded a DB construction contract.
13. The DB trades proposed cost on the RFP should be worth 30-40% of the assigned points, with quality being the remaining 60-70%.

The University will issue to the CM an amendment to the preconstruction phase contract authorizing the design portion of the DB trade contractor's proposal. The CM then contracts with the DB trade contractor for the design phase, and the contract is tied to the DB trade contractor's DB proposal and bid amount, and CM includes a firm commitment to award the construction if the CM is awarded the construction. The bid package must be a performance type DB scope. The CM's construction subcontract must be a DB type of contract and incorporate the design from the preconstruction phase.

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15. The CM then issues a subcontract to the DB trade contractor for preconstruction services.
16. The DB trade contractor is contractually required to hold his proposed construction cost, as modified by change order.
17. The Architect or architectural firm delegates detailing and design responsibility to the DB trade contractor, with the DB trade contractor's engineer becoming the engineer of record.
18. The Architect will incorporate the DB trade contractor's drawings and details into the contract documents.
19. DB trades should be an integral part of the project estimating and constructability for any trades they may affect.
20. The DB trade contractor is responsible for estimating, completion of the design, and constructability for its own scope of work to assure compliance to the DB contract construction award amount.
21. The DB trade contractor's scope of work and contract award amount, as adjusted by change order, shall be incorporated into the CMAR bidding process, and submitted as part of the CM's GMP.
22. CM shall specify in the DB RFP that the DB construction contract is contingent on the CMAR receiving a construction contract award.
23. The CM issues a subcontract to the DB trade contractor for construction services.

5. CM NOT AT RISK / MULTIPLE PRIME CONTRACT

In this method of procurement the University hires the Architect to complete the design in conjunction with the CM Not at Risk, who splits the bid documents into individual trade bid packages. The process includes a detailed master schedule with which the various trade contractors must comply. The Trustees would then enter into trade contracts for each of the trades that were bid, and the CM Not at Risk manages the construction. ***The Office of General Counsel and CPDC staff do not recommend the CM Not at Risk / Multiple Prime Contract method of procuring construction, as the liabilities outweigh any benefits.***

Additionally, CPDC recommends that the Universities utilize the CMAR method wherein the liability for the success in completing the project on time and in budget lies with the CM, and not with the University.

6. CALCULATING THE CONSTRUCTION BUDGET

CPDC has made adjustments to the CPDC 2-7 [form](#) to reflect the CMAR construction budget and allow for the addition of Design-Build and Design-Assist trade contractors during the preconstruction phase. University staff should select “CM @ Risk” at the top of the form under Delivery Type; consult with your CPDC planner for assistance with this form. The CPDC 2-7.5 is also an important planning and decision tool to track budgeted projects costs through the planning, bidding and construction phases.

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7. MODEL REQUEST FOR QUALIFICATIONS (RFQ) DOCUMENTS



CMAR RFQ Process Check List

Project Name:
Project Number:
Date:

Item #	Description	X= CSU Form provided	Comments	Check
1	Advertise RFQ	X	Includes prequalification requirements, submittal due date, estimated construction costs, license requirements, BidSync website info, contact & phone for questions, DVBE requirement, and whether CSU Labor Compliance applies. <i>See template for Notice to Contractors for RFQs on the CPDC CM Website.</i>	
2	Prequalification Requirements	X	Prequalification package due from prospective Respondents 10 business days prior to submittal due date. <i>See prequalification form 703.11 on the CPDC CM website.</i>	
3	RFQ Requirements	X	<ol style="list-style-type: none"> 1. Introduction 2. Project Description 3. Scope of CM's Work 4. CM Selection Process 5. Selection Process Schedule 6. Instructions for submitting SOQ 7. Managing Office for the Selection Process 8. SOQ Required Information & Scoring 9. Questions - <i>See template on the CPDC CM Website.</i> 	
3.1	RFQ: Introductions		Brief description of the CMAR solicitation process.	
3.2	Project Description		Brief and includes project size, type of construction, framing, types of major trades, construction budget, duration, LD amount, and where other info can be found.	
3.3	Scope of CM's Work		High level description of what services shall be provided from preconstruction through construction. Includes cost estimating, design development, scheduling, planning, LEAN practices, D/A & D/B trade subcontractors, prequalification of trade contractors, bid package development, GMP submittal, and construction administration.	
3.4	CM Selection Process		Explains two step process (RFQ/RFP), prequalification time frames, and Trustees reservation of rights not to award a contract.	
3.5	Selection Process Schedule		Identifies proposed RFQ selection schedule from advertisements through NTP for preconstruction phase. Spend adequate time to put together a well thought-out realistic schedule.	
3.6	Instructions for Submitting SOQ		Proposers shall provide info about their firm in a concise manner as required by the RFQ.	
3.7	Managing Office for Selection Process		Identifies CSU representative responsible for RFQ solicitation.	
3.8	SOQ Required Info & Scoring		Identifies scoring criteria by which all proposers will be judged by selection committee.	
3.9	Questions		This identifies who questions should be address to at the CSU in regards to the RFQ.	
4	Addendum		Only as needed to provide answers to questions that are important to all prospective proposers. Should be sent out a minimum 5 working days prior to RFQ due date.	
5	RFQ Evaluation Score Sheet	X	<i>See template on the CPDC CM Website.</i>	
6	RFQ Tabulation Sheet	X	<i>See template on the CPDC CM Website.</i>	
7	Develop Short List		Should be no more than 4 or 5 firms	
8	Send out RFP to shortlisted firms		RFP Process begins	
9	Notes		<i>Revise fields in RFQ template (bracketed in red) to be campus / project specific. When completed the actual text should be black.</i>	

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8. MODEL REQUEST FOR PROPOSAL (RFP) DOCUMENTS



CMAR RFP Process Check List

Project Name:
Project Number:
Date:

Item #	Description	X= CSU Form Provided	Comments	Check
1	Distribute RFP documents to short-listed proposers	X	Documents should include all documents listed on the RFP Table of Contents. See template on the CPDC CM Website, and use it as a checklist for these documents.	
2	RFP Contents	X	RFP includes the following sections: introduction, RFP contents, project description, project schedule, scope of CM's services, description of preconstruction phase, description of construction phase services, CM selection process, technical proposal requirements, project award and commencement, & miscellaneous. Also included within the RFP is Table A-Classification of Project Costs. See template on the CPDC CM Website.	
2.1	Introduction		Brief description of the CMAR delivery process. (RFP Section 1)	
2.2	RFP Contents		Describes RFP sections, any documents that are project specific, and standard CSU documents and forms. (RFP Section 2)	
2.3	Project Description		Includes brief outline of project description, construction budget, duration, liquidated damages, license requirements, name of architect, and any special conditions. (RFP Section 3)	
2.4	Project Schedule		Includes the selection process schedule and the proposed project schedule (subject to change during preconstruction phase). (RFP Section 4)	
2.5	Scope of CM's Services		The CM's scope of work is defined in the preconstruction and construction phase contracts. No guarantee of construction phase contract. CM shall work collaboratively with high standards and principles of integrated project delivery. (RFP Section 5)	
2.6	Preconstruction Phase	X	Describes the CM's scope during preconstruction, including but not limited to: work closely with the CSU and the A/E team to monitor and estimate costs; make suggestions for value engineering; review and comment on schedule; review design documents for constructability; identify potential risks; recommend trade bid procurement strategies; meet DVBE requirements; submit guaranteed maximum price. See sample preconstruction phase agreement on CPDC CM Website. (RFP Section 6)	
2.7	Construction Phase	X	Describes the CM's scope during construction which includes but is not limited to: execute trade bid contracts; update schedule monthly; review and approve trade work and payment requests; coordinate submittals and RFIs; provide trailers and equipment; etc. See sample construction phase agreement on CPDC CM Website. (RFP Section 7)	
2.8	CM Selection Process		Identifies CSU representative responsible for managing the RFP selection process; procedure for proposal submittals; how proposals will be analyzed; interview process; proposal scoring, etc. (RFP Section 8)	
2.9	Technical Proposal Requirements	X	Identifies submission requirements and scoring criteria for: proposer interviews; project organization and personnel; staffing levels; project approach; project schedule and plan; DVBE incentive; exceptions and clarifications; all for a total maximum points. See sample forms which show scoring criteria CSU committee will use. (RFP Section 9)	
2.10	Fee Proposal Requirements	X	Describes what should be included in the fee proposal submittal package by the proposer and how fees are calculated. Fee Proposal form shall be customized for project use. See fee proposal form template on CPDC CM Website. (RFP Section 10)	
2.11	Project Award and Commencement		Identifies basis of award for preconstruction phase agreement and criteria for awarding a GMP. (RFP Section 11)	
2.12	Miscellaneous		Identifies: RFP process is non-binding; irregularities of proposal documents; rejection of proposals; failure to execute an agreement; disposition of proposals; and cancellations. (RFP Section 12)	
3	Pre-Proposal Meeting		Pre-Proposal meeting should be held with all Proposers mid-way through the Proposal process. All questions brought up in the meeting shall be answered in an RFP addendum.	
4	Addendum		Answer all proposers questions. Should be issued at least 5 working days prior to the proposal due date.	
5	Technical & Fee Proposals Submitted by Short-listed Proposers		Submittal criteria identified in Section 9.1 of RFP documents. See example of fee calculation in Section 10.2 of the RFP.	
6	CSU Committee evaluates Technical Proposals	X	Committee should agree on a consensus score that is recorded for each evaluation criteria (per CSU technical proposal form)	
7	Reference Checks by CSU Staff		Reference checks can be performed by Support staff. Phone CPDC for prequalification info.	
8	CSU Committee Interviews Short-listed Proposers		Sample interview questions are available on request to CPDC CM Department.	
9	Public Opening of Fee Proposals		Fee proposals shall remain sealed until advertised date and time (which may change by addenda), then shall be publicly opened and read to maintain transparency. Use the CPDC provided electronic form, project it on a wall or screen, and fill it in as the fee proposals are opened.	
10	Final Score by CSU Committee	X	Total score based on combination of average of technical scores by committee members plus calculation of fee proposal scores. See template on the CPDC CM Website for Proposal Scoring Summary Statement.	
11	Notify Proposers which CM was awarded the project		A letter should go out to all short-listed participants.	
12	Award Preconstruction Agreement	X	See sample form on the CPDC CM Website.	
13	Notes		1) Revise fields in RFP template (bracketed in red) to be campus / project specific. Delete the notes to campuses also. When completed the actual text should be black.	

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A. General

CPDC shall work closely with a University on its initial CMAR project, though it is the University’s responsibility to think through all the aspects of the RFP for CMAR and the ramifications on the Project, both in regards to timing and language.

The model RFP contains two different types of documents: (1) standard documents are recommended by the Chancellor’s Office that are standard inclusions in any RFP for CMAR, and (2) amendable documents, while also a standard part of the RFP for CMAR, can be changed by the University.

(1) Document Usage

Standard	Amendable
Contract General Conditions	Architect’s Agreement
Uniform Table of Contents	Schedule
Prevailing Wage Rates	Cost Limits
Forms	Advertisement
Submittal Requirements & Procedure Guide for CSU Capital Projects	Liquidated Damages
Clarification regarding the RFQ or RFP	Forms indicated as “RFQ or RFP Copy” in the RFQ or RFP
Prequalification Requirements	Evaluation Criteria
Proposal Opening Procedures	Division One

The final RFP for CMAR projects should have color-coded sections to help in locating different items for reference, and to give a better appearance to the manual.

(2) Uniform Table of Contents

Universities should use the uniform Table of Contents as supplied as part of the RFP. This Table of Contents specifies which documents must be modified for the RFP, and serves as a checklist for the documents that must be included in the RFP.

(3) Advertisement

The “Notice to Contractors, Request for Qualifications” advertisement must be included in the RFQ and RFP. The RFQ process shall be open to all prequalified contractors. Universities shall not include an additional layer of technical prequalification for potential proposers; the RFP process is the technical evaluation process for the CMs shortlisted by the RFQ process.

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(4) Prevailing Wage Rates

The University shall reference the prevailing wage rates that are in effect on the date of the first advertisement in the RFP with a link to the DIR website, but when advertising the trade bidding, the CM shall reference the current prevailing wage rates in the trade bid packages. Reference section 10-A (2).

(5) Project Schedule

The tentative Project Schedule that is included in the RFQ and in the RFP documents contains typical time sequences for various activities. The University must review these activities and time sequences, adding or deleting applicable activities, and work out the proper schedule for the Project. Start with the Board of Trustees meeting dates and work both ways (before and after) those dates to ensure enough time is allowed.

It is very important that the University give the CM adequate time to perform all the required coordination and constructability checks, especially the final coordination and constructability review. This final review is essential to enable the CM to warrant the completeness of the Construction Documents and is a major benefit of the CMAR process.

Following are Project Team tasks and estimated durations for completing them:

Team Member	Task	Duration
Architect	Submit CDs to plan check and back check	10 weeks
CM	Receive fully plan checked CDs; perform final coordination and constructability review	4 weeks
Architect	Receive CM coordination and constructability review comments and corrections and incorporate them	2 weeks
CM	Bid, normalize and submit GMP	5 weeks
University	Award and process GMP contract	4 weeks
	Total Duration	25 weeks (six months)

CPDC recommends the University execute the contract for the CM first, so that the CM can assist in the selection process for the Architect, who should be experienced in the CMAR process. There is no prohibition to the University executing a contract with the

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Architect first, and including the Architect in in the selection of CM. Regardless, the University should initiate the contracts for the Architect and the CM within weeks of each other, but only after the project's program is 100% complete. In any case, the University shall bring the CM on board before 50% Schematic Design, as a major portion of the CM's participation and benefit is realized in the Schematic Design.

(6) Proposal Requirements

The RFP proposal contains two parts: the fee proposal and the technical proposal. The Proposer must submit its fee proposal (along with other required forms) in a sealed envelope on the fee proposal form issued by the University, a sample of which is in the Forms section. The University shall not open the fee proposal packages until after the evaluation of the technical proposals. The technical proposal must contain all of the required information, or the evaluation committee may declare a proposal nonresponsive, as outlined in the RFP.

(7) General Conditions, Supplementary General Conditions, and Division One Specifications

The University shall insert the current Contract General Conditions for Construction Manager at Risk with Guaranteed Maximum Price projects (Appendix 3) into the RFP, along with the current Supplementary General Conditions (Appendix 5). Later, the CM will insert the current versions of both into its trade bid packages.

The University can modify the Contract General Conditions only by using a Supplementary General Conditions. However, the Office of General Counsel and CPDC Chief of Construction Management shall review Supplementary General Conditions that do not use CPDC standard language, as Supplementary General Conditions overrule Contract General Conditions. The University shall insure that when preparing trade bid packages, the CM does not modify the Contract General Conditions or the Supplementary General Conditions, or insert any conflicting language to these documents in its trade bid packages.

The University may insert a 'Special Conditions' section into the Construction Documents for their projects, however, for the CMAR projects, these should be incorporated into the Division One Specification (Appendix 6). The Division One may clarify or complement the Contract General Conditions, but do not overrule them, and the University may also insert guidelines into Division One, to make them contractual.

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The University should include a detailed description of the Project along with any information that is unique to the project, in Division One. Using the RFP Project Summary, Architectural Plans and Elevations and Maps (RFP Copy) in Appendix 10, the University shall further identify the Project and include any design work product to date. Include CEQA Mitigation Monitoring and Reporting Programs (MMRP) in Division One. The University must review each item in the RFP and edit it as necessary to suit the Project.

B. Modifications Universities Should Consider for Contract Documents

The construction administrator should consider the following issues when crafting the Contract Documents for the Project; all of these items should be detailed in the Request for Proposals.

(1) Project Teams

In response to the RFP, Proposers are required to submit staffing levels for the pre-construction and the construction phases of the Project. The University should carefully consider the staffing needed to represent the CSU on the Project. CMAR projects tend to require a higher level of attention from Campus staff in the preconstruction phase, as the emphasis is on solving potential budget and design problems before construction starts. During the construction phase the Project should demand less attention (as compared to traditional design-bid-build), as many problems have already been reconciled, and the CM assumes a higher level of responsibility.

(2) Construction Trailers and Equipment

The University shall identify the minimum trailers and equipment that the CM shall supply for the Architect, Inspector, and testing entities, and insert in Division One.

(3) Liquidated Damages Guideline

For projects with a Construction Budget of \$10,000,000, University should identify a minimum of \$2,000 in liquidated damages (LDs) per calendar day in the Contract, and add \$1,000 per calendar day for each \$5,000,000 increment in Construction Budget above \$10,000,000. University should carefully consider the impact of a late project completion, as the risk for excessive LDs may be passed on to the University by the CM in higher project costs. The University may also lose bidders due to the CM's possible liability of exceeding potential profit. Therefore, the LDs should be capped at about

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\$8,000 per calendar day. Refer to table below, wherein CPDC provides recommended LDs for varying project sizes.

Project Size	Recommended Liquidated Damages
\$5,000,000	\$1,000
\$10,000,000	\$2,000
\$25,000,000	\$5,000
\$50,000,000	\$8,000
\$100,000,000	*
\$150,000,000	*
\$200,000,000	*

*To be determined on a case-by-case basis, factoring in University risk that may be caused by late completion.

(4) Phased Funding

For projects that have multi-phase funding, it is important that the Contract Documents carefully describe the phases. For example, if the project is only funded for preliminary working drawings, then the Contract Documents would include a sample service agreement that has two parts for preconstruction services: Phase 1A—CM preconstruction services through the end of preliminary working drawings (through schematics and design development) and Phase 1B—CM preconstruction services through Construction Documents and bidding services. The University shall include language in the Contract Documents regarding the possibility that a subsequent funding may be postponed, suspended, or even cancelled by the Legislature, Dept. of Finance, or other state agency.

(5) Evaluation Criteria and Scoring – Assignment of Bonus Points for DVBE Participation

The CM must achieve three percent (3%) DVBE participation per Contract General Conditions Article 2.08. The University shall include a provision in the RFP evaluation criteria and scoring section to award bonus points for DVBE incentive participation, limiting the incentive Points awarded to no more than three points. Similarly, the University shall include provisions that if the CM does not realize the percent DVBE incentive participation identified in its technical proposal, then University shall assess a penalty. CPDC has inserted language into the RFP, section 7.19 describing the penalties.

9. TRUSTEES' REVIEW AND APPROVAL OF BID PACKAGES

The construction administrator shall coordinate with the Architect and the CM to produce the Bid Packages (BPs). The BPs shall incorporate the CM's subcontract agreement requirements, any project specific requirements such as site access and phasing, and the relevant sections of the Trustees' bidding requirements and Contract General Conditions requirements such as DVBE, Small Business, assignment clauses, Construction Documents hierarchy clauses, the Subletting and Subcontracting Fair Practices Act (PCC section 4100 *et seq.*), Division 1, etc. The BPs must include the CSU's mandatory prequalification for major trades, which are at least the mechanical, electrical, and plumbing trades, and any other trade with an estimated trade contract value greater than five percent of the Construction Budget.

Due to potential assignment of the trade contracts to the Trustees, pay particular attention to the following:

- Assignment clause,
- Whether documents are tied to Contract General Conditions
- No conflicts with Contract General Conditions
- No conflicts with our ability to take over trade contract agreements
- No conflict with law.

10. PROPOSED PROCEDURE FOR CMAR TRADE BIDS

A. Pre-Bid

The University holds a prebid meeting with the CM, and addresses the following bidding requirements and documents.

(1) Front-end Documents

CM works with the University and Architect utilizing CSU-supplied documents: current DIR prevailing wage rates, the CSU mandatory prequalification for major trades, trade contractor/subcontractor and DVBE listings, Contract General Conditions, Supplementary General Conditions, Public Contract Code section 3400, Public Contract Code section 4100 *et seq.*, sample forms in compiling/merging front-end document for BPs, and a Division One Specification that identifies the requirements for testing, shop drawing submittals, operation and maintenance manuals, etc.

10-A (continued)

(2) Prevailing Wage Rates

The prevailing wage rates that are in effect on the date of the CM's first advertisement shall be incorporated into the BPs by reference to the DIR web link. The CM should contact the Prevailing Wage Unit, DLSR, or the construction administrator with questions about wage rates.

(3) Sole Sourcing

Architect or CM shall not sole source, but rather list 'A' or 'B' or 'Equal', with only these exceptions: energy management controls systems or fire alarms controls or keyway systems. CM shall require submissions of Equals by trade contractors and suppliers prior to the date of agreeing to a GMP. The University shall issue an addendum addressing whether the Architect accepted or rejected the submitted Equals.

(4) Bidder Preferences

CM shall ensure its compliance with DVBE regulations during trade bid process, and shall also give Small Business bid preference. Reference Article 2, Contract General Conditions.

(5) Trade Bids

University shall allow the CM to bid only after:

- Construction Documents have been plan checked,
- The final constructability check has been performed by CM, and all comments have been addressed by the Architect;
- University has obtained the letter from the CM stating that the CM has completed its constructability and coordination review and that CM warrants the completeness of the Construction Documents. (University use sample CM letter to CSU warranting construction documents - Appendix 4, section 4.4).

(6) Trade Contract Budgets

CM's publishing of trade contract budgets/estimates in BPs is optional, as this is not always favored by CM, but is essential if CM uses alternatives.

10-A (continued)

(7) Project Phasing

Under certain circumstances the University may award early stand-alone construction contracts to the CM before the CM finalizes the GMP. For certain projects the University has some flexibility to award early demolition or site work contracts, on a case-by-case basis, and the University must bring these stand-alone project options to CPDC to enlist CPDC's help with the decision. The CPDC planners must be included in the decision-making; everyone must be confident that the GMP is obtainable, and aware that the University may be at risk for the early phase contract costs.

(8) Alternatives in Trade Bids

University shall work with the CM and Architect to develop additive alternatives to maximize construction budget, especially for late-bidding trades. The CM, Architect and the University shall design to five percent (5%) less than the Budgeted Direct Construction Cost and provide five percent (5%) of the budget in additive alternatives to assure that the Project does not bid over budget.

(9) Trade Bid Scope of Work

Upon receipt of the complete bid documents [or for phases of the Project] from the Architect, CM shall prepare trade specific BPs, all of which shall include the standard bid documents. CM shall ensure that the BPs include very specific directions to the bidders in a section of the Additional Provisions, assembled by the CM, as to the scope of work that is to be included in their proposals. These "scopes" shall confirm the work required per the plans and specifications, and may also include scope in addition to the plans and specifications that is required to complete the work. CM shall request and detail any required and desired alternate and unit prices in Division One. Estimated quantities shall be proposed for unit prices, and the amounts shall be included in the bid total in determining low bidder. The CM shall also encourage its bidders to suggest cost savings ideas with their proposals, but separate from their bid, and CM will reconcile the proposed cost savings during normalization.

10 (continued)

B. Bid Packages

(1) Trade Bid Prequalification

CM trade bidder prequalification (mechanical, electrical, plumbing trades and trades with an estimated value of greater than five percent of the Construction Budget) is mandatory, and shall include the following criteria. CM may prequalify trades with an estimated value of less than five percent of the Construction Budget at its option. The University may work with the CM in creating project specific qualifications.

Prequalification Criteria:

1. Safety requirements
2. License requirements
3. Project experience
4. Specific company information (i.e. owned by or affiliated with another firm)
5. How much work is subcontracted out?
6. Insurance information
7. Bonding information
8. Litigation
9. References from three suppliers
10. References from three general contractors

The CM is required to ask for this information from the trades; the burden of the work is on the CM to prequalify its trade contractors. University staff involvement will occur during the bidding phase for trade contractors to ensure the CM is conducting the prequalification. Staff will provide the sample prequalification forms to the CM and later obtain lists of prequalified trade contractors for the Project. Reference Contract General Conditions article 2.02-c (Appendix 3).

CM and University shall solicit at least four bidders for each trade. University should take an active role in soliciting known quality bidders, and increasing the bidding pools, but shall not dictate to the CM which trade contractors will bid. CM shall advertise the BPs. When the bid time frame approaches, CM shall telephone the bidders to inform them of the coming bid period and to solicit and confirm their interest in the Project.

The University shall include the CSU Trade Prequalification document in the RFP. University shall ensure that the CM is performing this prequalification, advertising and bidding process, as outlined herein and in the RFP. The University shall submit to CPDC

10-B (continued)

as part of the Project Performance Report, a letter stating that the following has been performed:

- The University followed the CSU CMAR selection process.
- Confirm that the CM incorporated the CSU trade prequalification format into its own prequalification documents.
- Confirm that the CM publicly advertised the bidding for each trade.
- Detail how many trades the CM prequalified, how many trade contractors for each trade were prequalified, and how many firms actually bid for each trade.

(2) Proposed Trade Contractor Bid List

CM to provide the University with a list of those trade contractors that the CM has prequalified and an invitation to bid (for University's review and comment). The University should review this list against the debarred contractors [list](http://www.dir.ca.gov/dlse/debar.html) on DIR website: <http://www.dir.ca.gov/dlse/debar.html>. University may reject a proposed subcontractor, but only if University has a documented case for not accepting that contractor that will stand up in a responsibility hearing.

(3) CM Solicits Bids

It is acceptable if only one or two of the at least three bids solicited are submitted, as long as the bid(s) received is in line with the CM's estimate for that trade.

(4) DVBE Participation

CM shall solicit the participation of DVBE qualified bidders and shall meet the established proposed participation level. Interested DVBE firms shall be invited to submit prequalification to become approved to bid the Project (per RFP sections 6.22 and 7.19 and Article 2.08 of the Contract General Conditions). University may assign bonus points in the RFP evaluation criteria for CMs that propose to meet a certain incentive level of participation. If the CM later fails to achieve the percent of incentive participation promised, the University shall assess a penalty against the CM.

(5) Request for Bid to Trades

CM shall send a Request for Bid (RFB) to the trade bidders, which shall include the Additional Provisions for their scope of work. The RFB shall identify the bid date and

10-B (continued)

time, and shall identify the means for the trade contractors to obtain the BPs. Any requirements for pre-bid meetings or job walks shall also be identified in the RFB.

(6) Questions during Trade Bidding/RFIs

During the bid period, CM shall receive calls/faxes/e-mails from the bidders to discuss the scope of work and questions related to the work. CM shall submit these questions to the design consultants formally, usually in the form of a RFI, and answers shall be distributed to all bidders by formal addendum produced collaboratively by Architect and CM, approved by the Trustees, and issued by CM.

(7) CM RFIs for Addendum

As the scopes of work are developed for the BPs, and during the bidding process, CM shall review and analyze the BPs and shall document any omissions, discrepancies or errors that are discovered in this review in the form of a RFI to be submitted to the Architect. CM shall distribute answers to all bidders by issuing a formal addendum produced collaboratively by Architect and CM, approved by the Trustees, and issued by the CM.

It is important that the CM, Architect, and the University are aware of the timing and size of addenda issued to bidders late in the bidding process. Large addenda issued late in the bid period will tend to raise the cost of the bids beyond the cost of the work revised in the addenda, and may cause bidders to drop out if the addenda are difficult to understand and incorporate in the time allowed. NOTE: Public Contract Code section 4104.5 provides that if the addendum issues material changes, additions or deletions to the bid documents then the bid date shall be extended by no less than 72 hours. Trustees' policy is to extend the bid opening by five days.

(8) CM Bid Spreadsheets

Prior to the receipt of the bids, CM shall begin preparing the bid spreadsheets. These spreadsheets shall: identify the scope of work for each bid package, identify any bid alternatives, show bid prices for all bidders for that trade, detail any cost adjustments required for normalization, etc.

(9) Trade Bid Openings

Trade bid openings shall be on Tuesday, Wednesday or Thursday. Avoid the day after holidays. Multiple bid opening dates are allowable.

10-B (continued)

(10) Receipt of Bids

CM may receive the bids at its office or at the University on or before the published bid date/time. Representatives of the University shall participate. Trade contractors may submit sealed, hard copy bids or electronic bids. If trade bids are submitted electronically, CM shall ensure that all electronic bids shall be held until the bid opening time, and only thereafter make the electronic bids visible at one time to simulate a sealed opening. Further, any trades contractors who submit an electronic bid shall submit its bid security within 24 hours of the bid opening. All bids received prior to or on the bid date shall be stamped in and placed in a specific bid folder for each trade. CM shall reject late bids unless they are the only bid for that trade, in which case they may be used, especially if the bid is consistent with the CM's budget/estimate for this trade. The CM and the University Representative shall jointly open the bids, or allow the electronic system to display the bids. The University needs to sufficiently participate in the bidding process so as to be satisfied that the process was fair, and no favoritism or bid shopping occurred.

(11) Normalizing of Trade Bids

As much as possible, the trade bids must be on an apples-to-apples basis, and CM's award must be made to the lowest responsible trade contractor. Normalizing of the trade bids may take the CM some time; allow at least two weeks. The University Representative shall participate with the CM in any normalizing to verify that the process was fair, and that no favoritism or bid shopping occurred.

(12) Rebidding of Trade Bids

For trade bids where there were irregularities, insufficient bids, or inadequate competition, etc. those trades may be quickly rebid. The CM may not negotiate. The CM issues a notice to the bidders for that trade (and any new bidders that may be found) rejecting all bids and notifying them that the BPs has been adjusted, and provides what adjustments were made, if any. This notice shall also provide the new bid opening location, along with the date and time of opening. If CM adds more trade bidders, more time will be required to allow them to review the construction drawings.

10-B (continued)

(13) Bid Protests

If the University receives a bid protest from a trade contractor, they should notify and forward the protest to the Chief of Construction Management in CPDC, who shall assist the University in its response. In the majority of cases, the response shall be that the trade contractor needs to present his protest to the CM, as the trade bidding process is the CM's process, and the University satisfied the public bidding process with its selection of the CM. This is a part of the reason that the University needs to participate in the trade bidding process sufficient to be able to state that the process was fair, and that no favoritism or bid shopping occurred.

C. Post Bid / Award

(1) Preparation for Award

CM and Representative of CSU shall read and analyze each of the bidder's proposals and CM shall complete the spreadsheets for each of the trades. Several different types of entries shall be made onto the spreadsheets.

- *Scope included as requested* – this shall be confirmed and checked off by CM.
- *Scope included, not requested* – CM shall confirm that this is scope that is definitely not required from this trade, and shall ask for a credit to delete the scope from their proposal. An estimate for this deductive cost may be carried on the spreadsheet until the final number is received from the trade contractor.

Many times the bidder points out scope that is required for their trade, but was not included in CM's RFB/scope of work, or is not clearly shown on the documents. If CM determines that the scope is required/desired, CM shall add a line item to the spreadsheet for this item, note it to be included by the bidder, then get pricing from the other bidders for this item.

- *Scope excluded as requested* – this shall be confirmed and noted on the spreadsheet by CM.
- *Scope excluded, requested to be included* – CM shall confirm that this is scope that is definitely required from this trade, and shall ask for an added cost to add the scope to their proposal. CM may carry an estimate for this additive cost on the spreadsheet until the final number is received from the trade contractor.

10-C (continued)

- *Scope not requested and not included in the bids, but required for the GMP-*

Many times the bidder points out scope that is not required for their trade, but was included in CM's RFB/scope of work. If CM determines that the scope is not required, CM shall add a line item to the spreadsheet of this item and note it to be excluded by the bidder.

(2) Bidder Disqualification

Generally, the bidders are not disqualified for not submitting a proposal that does not exactly match the requested scope in the bid documents. Through the bid recording process noted above under section 10-C(1), CM shall normalize the scope and cost of all of the bids for each trade to enable as equal a comparison of the bids as possible. When complete, each spreadsheet shall have the complete scope required in the GMP for that specific trade. After any normalization process, the low bidding trade contractor shall be awarded the trade contract and take on all the rights under PCC 4100 as a listed subcontractor of the CM.

It is of the utmost importance that this process is followed by CM. The CM shall not be allowed to disqualify a low bidder without clear cause. The CM has the ability to solicit from only those trade contractors that he/she deems competent and capable and has prequalified. There needs to be a clear and compelling reason for the CM not to award to the low bidder.

(3) Basis of Award for Trade Bids

The CM's award of trade bids is based solely on low bid, unless alternatives are utilized, in which case the trade budget estimate and the basis of award shall be as published on the bid form. For example: "We reserve the right to award the contract on the basis of base bid alone, or if the budget allows, on the basis of base bid plus (or minus) any or all alternatives taken in the order of precedence as the construction budget dictates." Reference SUAM Section 9721.07.03. If alternatives are included in a Trade Contractor bid form, the CM's budget/estimate must be included and used in the basis of award.

10-C (continued)

(4) List of Trade Contractors for CMAR Projects

CM shall publish the List of Trade Contractors for CMAR Projects at the end of each bid opening day or as soon thereafter as possible. PCC section 4100 shall be strictly enforced at this time; the listed trade contractors shall have all the rights due it under PCC section 4100 *et seq.*

Continue on to next page.

10 (continued)

D. GMP



**CMAR GMP Submittal -
Check List**

Project Name
Project Number
Date of GMP Submission

Item #	Description	X= Attach to Construction Agreement	Comments	Check Y/N
1	Table of Contents		A. Lists all items contained in the GMP. B. No need to include standard contract documents such as GCs or SGCs.	
2	Executive Summary		Cover letter for submission of package.	
3	GMP and Project Cost Recap	X	A. GMP summary should include direct costs, allowances, contractor default insurance (unless N/A); fees for construction phase services, CM contingency, and CM OH&P. B. Recap should include bid summary, alternates (if any), and general requirements costs. C. Also should include negotiated fees.	
4	Warranty Letter	X	A. Should conform to standard letter provided in the RFP. B. Review constructability backchecks and insure all comments have been resolved.	
5	CM Exclusions, Assumptions, Clarifications (if any)	X	A. Subject to negotiation if included. B. Call CPDC CM for support if items appear to be questionable. C. Back check against RFP and GCs. D. Questions that could be answered through the RFI process should not be included.	
6	Allowances	X	A. CM's and Trustees' allowances should both be closely examined at GMP and monitored during construction. B. Both are for work that can't be determined at bid time. C. Shall be credited back if not used. D. Manage in accordance with GCs 6.01-f, Use of Allowances. E. Trade bid allowances should not be used as additional CM contingency, but for specific and discrete purposes.	
7	Bid package Summary & Award		A. Identifies trades solicited and recommendation for award to lowest responsible and responsive bidder after normalization. B. Review self-performed work estimates (shall be an allowance if not bid). C. Move indeterminate or unspecified work to an allowance.	
8	Document Log	X	A. Identifies the general conditions, plans and specs, addenda, and other associated documents that are included in the contract documents. B. Shall also include the dates of each.	
9	Preliminary Schedule		A. Should be high level and confirm contract duration agreed upon by all parties during design phase. B. Ensure any construction phasing requirements are identified.	
10	List of Trade Contractors		A. Where the value is over 1/2 of 1%. B. CSU standard form 701.4A-CM should be used; which includes insurance (non-OCIP work), SBE & DVBE percentages	
11	DVBE Declaration & Submittal		A. Confirm DVBE submittal matches up with RFP response for percentages (which may or may not include bonus points). B. 3% is the minimum. C. DVBE requirements should be confirmed by Campus DVBE	
12	Bid Comparisons		Breakdown of all trade bids received after being normalized.	
13	Accept GMP		A. Acceptance should be contingent on all costs being known. B. Cost modifications prior to contract execution but after budget is set could lead to changes that cause a negative impact on the GMP contract amount. C. Back-check costs against Table A.	

Continue on to next page.

10-D. GMP (continued)

(1) Preparation of GMP

CM shall prepare and submit spreadsheets identifying each trade contractor and their bid (or adjusted bid reflecting alternates and/or substitutions). The GMP submittal spreadsheets shall list: all allowances; any alternates; other special costs affecting the direct construction cost; actual DVBE participation; and CM markups and contingency as applied to the appropriate (budgeted or actual) direct construction costs. The GMP submittal may also include a list of CM assumptions and/or clarifications that University should check carefully for contract compliance.

(2) Allowances

CM should only use allowances where a scope of work is indeterminate at the time of bidding trades and necessary to include to obtain the GMP or when a CM self-performs any scope of work that CM does not competitively bid. Examples of allowances for indeterminate scope include: the University wants the CM to maintain or improve an access road to the site, but has not fully determined how much work will be involved in maintaining or improving an access road to the site in terms of amount of sweeping, watering, signage, and amount of flagmen; the Storm Water Protection Plan (SWPP). The cost of setting up and permitting the SWPP may be biddable, but the cost to reinstate and maintain after varying intensities and amounts of rainfall and wind is indeterminate; drug testing costs; utility costs; or other indeterminate owner special conditions.

In the above examples, if the CM were to give the University a lump sum price for each, that price would be very conservative, as the CM has to cover most of the possible occurrences. This could add hundreds of thousands to the GMP. An allowance is the most prudent way to avoid overpaying on indeterminate scope of work.

Two types of allowances may be included in the GMP, a Trustees' allowance or a CM allowance. A Trustees' allowance is estimated by the University, and the University is responsible for its accuracy. If a Trustees' allowance is insufficient the University will process a change order to augment the allowance. A CM allowance is estimated by the CM, who is at risk for its accuracy. The University is not obligated to augment a CM allowance. For both types of allowances, upon completion of the allowance scope, the University will process a change order to recoup any unused balance.

10-D (continued)

The CM shall carry all allowances as items in the Schedule of Values as part of the Construction Budget, and the CM will apply its fee for Contingency and Overhead and Profit to it. The University shall authorize use of allowances by Field Instruction. Separate logs shall be kept for the use of allowances. The charges against the allowance shall consist of either time-and-material or approved lump sum direct costs from trade contractors and mark-ups in accordance with contract change order provisions of the Contract General Conditions. Mark-ups are only allowed on the trade contractors' work, the CM markups are included as part of the GMP.

(3) Bids above the GMP Budget

If the Project bids above the GMP Budget, the CM is obligated to value engineer the Project back to the GMP Budget at its cost. The University may choose to accept a bid in excess of the GMP Budget. In this case, the CM's fee and Overhead and Profit (OH&P) shall be based on the original Budgeted Direct Construction Cost. The Project contingency shall be based on the Actual Direct Construction Cost, not to exceed the proposed lump sum. (There are exceptions, see RFP sections 11.3 – 11.6.)

a) The original BUDGETED Direct Construction Cost for this project is:	\$ <u>25,000,000</u>
b) The Actual Direct Construction Cost for this project is:	\$ <u>27,000,000</u>
c) The following fees are included in the Guaranteed Maximum Price (GMP):	
<u>6</u> % of the BUDGETED Direct Construction Cost for CM Fee =	\$ <u>1,500,000</u>
<u>2</u> % of the BUDGETED Direct Construction Cost for CM's Contingency =	\$ <u>500,000</u>
<u>5</u> % of the BUDGETED Direct Construction Cost for CM's OH&P =	\$ <u>1,250,000</u>
d) to receive and accept total GMP Not-to-Exceed Contract Amount:	\$ <u>30,250,000</u>

(4) Bids under the GMP Budget

If the Project bids less than the GMP Budget, but by no more than four percent, then CM Fee and OH&P shall be based on the proposed percentage of the Budgeted Direct Construction Cost, and the Contingency shall be based on the proposed percentage of the Actual Direct Construction Cost, but not to exceed the GMP Budget. If the Project bids less than the GMP Budget, by more than four percent then the fee for the OH&P is based on the Actual Direct Construction Cost. Refer to the following example for a project that bids five percent less than the GMP Budget.

10-D (4) Bids under the GMP Budget - continued

a) The original BUDGETED Direct Construction Cost for this project is:	\$ <u>25,000,000</u>
b) The Actual Direct Construction Cost (95% of the original BUDGETED Construction Cost of \$25,000,000) is:	\$ <u>23,750,000</u>
c) The following fees are included in the Guaranteed Maximum Price (GMP):	
<u>6</u> % of the BUDGETED Direct Construction Cost for CM Fee =	\$ <u>1,500,000</u>
<u>2</u> % of the Actual Direct Construction Cost for CM Contingency =	\$ <u>475,000</u>
<u>5</u> % of the Actual Direct Construction Cost for CM OH& P =	\$ <u>1,187,500</u>
d) to receive and accept total GMP Not-to-Exceed Contract Amount:	\$ <u>26,912,500</u>

(5) Guaranteed Maximum Price (GMP)

CM shall submit a complete GMP to University for approval, containing all of the trade contractor costs as well as the General Requirements, Construction Contingency, Overhead and Profit, and any other costs required to be in the GMP. Once the University approves the GMP, University will execute a construction agreement and issue a Notice to Proceed. Only then shall the CM begin to make subcontract awards and execute the subcontract agreements.

11. Close-Out Project

The CM shall prepare a recommendation for final acceptance of the Project after the trade contractors have corrected deficient work and satisfied all contract conditions. Then CM shall prepare a final cost report and a final payment request. Payment of the final payment request is dependent on the University's acceptance of the final cost report.

A. Final Cost Report

The CM shall include the following in the final cost report:

- (1) Overhead and Profit – lump sum
- (2) Site Management Fee – lump sum
- (3) CM Contingency is a not-to-exceed line item. Provide the detailed cost accounting as required in the Contract General Conditions 6.01 and RFP 6.34. Any Contingency savings shall be returned to the Trustees with a credit change order.
- (4) Allowances – Each allowance is not-to-exceed line item. Provide the detailed cost accounting as required in the Contract General Conditions 6.01 and RFP 6.33. Any CM Allowance savings shall be returned to the Trustees with a credit change order.

11-A (continued)

- (5) Change Orders – Provide the detailed cost accounting as required in the Contract General Conditions 6.01.
- (6) Provide a line item breakdown for each Trade Contractor Bid showing adjustments by change orders. If the total of the Trade Contractor amounts bid, as adjusted by change orders, is less than the total of the Trade Contractor amounts as built, as adjusted by change orders, the CM shall submit a credit change order to the Trustees for the difference.

B. Final Payment Request

Once the Trustees accept the final cost report, and after Trustees notify the CM of the date of the notice of completion recordation by the county recorder, the CM may submit its final payment request. Per Contract General Conditions Article 8.10, Payment, the CM shall calculate the amount of such final payment as follows:

- (1) Take the sum of the cost of the Work for the entire Project substantiated by the CM's final cost report, and the CM's fees calculated previously,
- (2) Adjust by change order any cost savings on the completion of the Project pursuant to RFP 7.18 and Contract General Conditions Article 8.09, Guaranteed Maximum Price and Cost Savings Split,
- (3) Subtract amounts, if any, which the Trustees are entitled to withhold to cover liquidated damages, stop payment notices, construction defects or non-conforming Work or other withholds authorized by the Contract Documents,
- (4) Subtract the aggregate of previous payments made by the Trustees to the CM hereunder.

The CM shall provide a complete set of Contract Files to the construction administrator. This shall include, but not be limited to, as-built drawings, operation and maintenance manuals, additional materials, and warranties.

End of Chapter 1 - Overview, Information for Universities