CMAR Bidding & Project Cost Accounting

February 20, 2014
Pre-Bid Structure

- **Bid Strategy – RFP Section 6.30**
  - Design estimate to 95% of the budget
  - A/E Docs modified (10% estimating delta-95% to 105%)

- **D/A & D/B Trade Contractors**
  - RFP Section 6.03
  - Must meet their target budget within 5%
  - CSU reserves right to use design and rebid
Pre-Bid Structure

Review Trade Bid packages (RFP Sec. 6.19)

➤ Confirm:

- CSU minimum standards are included
- Documents tie back to GCs
- No Overlapping Scope (Scaffold Example)
- No “Hidden” Contingencies (i.e.; Rebar & Steel) or Allowances are buried in Trade bids
- Include Alternates as appropriate (adds & deducts)
- Includes Special Cond, Div 1, PWRs, & schedule
Pre-Bid Structure

Trade Contractor Bidding

- RFP Sections 6.20 & 6.21 / Appendix 4.4
- Minimum of 4 Bidders / trade
- Campus to help CM solicit trade bids
  - Review bid list prepared by CM
  - Recommend trade contractors who have performed well in the past
Pre-Bid Structure

Constructability Review

- RFP Sec. 6.12 / Rider A Item 2.a(3) / GCs Sec. 2.04
- Roles & Responsibilities
- Approach
- Warranty Letter
  - RFP Sec. 6.39 / Appendix Sec 4.4 / Rider A Item 2.b(1)
Pre-Bid Structure

- Constructability Warranty Letter
  - Constructability & Coordination reviews
  - Warrants the *completeness* of construction documents - GCs Sec. 5.01c.(1) / 5.02 (1st & 2nd para.)
  - Warrants the “construct-ability” & “bid-ability”
  - Warrants items (eligible uses) that shall be paid from Contingency (any excess amount shall be paid by the CM / Not the Trustees) (RFP 6.35 – 6.37)
CM v. AE Roles & Responsibilities

- CM assumes the responsibility for the completeness of the design documents
- AE is responsible for the technical design or interpretations of the design documents
- Method allows for early establishment of working relationships
Pre-Bid Structure

Approach

- Process-based collaboration
- Explores options for the best value
- Agency & peer review comments
- Integrates cost estimating activities
- Set-up for Bidding & GMP
- Risk Assessment & Matrix
- Allowances
Poll 5

Your A/E disagreed with the CM constructability review comments during design phase, what would be the next step?

1. Discuss & understand the reasons as a team
2. Ask CM not to warrant the disagreed item
3. Force A/E to incorporate into the documents
4. Do nothing as A/E is responsible for the design
5. Incorporate revisions mutually agreed to
6. As the Owner dictate the revisions to be incorporated
7. Mock-up details and/or visual examples
Questions?
Answers?
Evaluation of GMP Submittal
Evaluation of GMP Submittal

- Guaranteed Maximum Price (GMP) includes:
  - Direct Construction Cost per bid packages
  - Total CM Fees
  - Allowances

- Total CM Fees includes:
  - CM’s Fee
  - Overhead & Profit (OH+P)
  - CM Contingency
CM Contingency (RFP Sec 6.34 / GC Sec. 6.01e)

- Now at 2% in new CMAR Model
- Some eligible uses specified in RFP 6.35 / 6.36
- Ambiguity or conflicts in drawings
- Missed scope in trade bids
- Work shown / inferred but missing from documents
- Requires approval by the Trustees
- Best Practice Recommendation
  - Zero Dollar Change Order
- Requires reconciliation at closeout phase
Poll 6

Can we use left-over CM contingency to pay for valid Change Order Requests (CORs)?

1. No
2. Yes
3. It depends
4. I don’t know
Evaluation of GMP Submittal

- Exclusions / Assumptions/ Clarifications
  - Subject to negotiation
  - Call CPDC for help
  - Should not be more than 2 pages or so
  - Should not include RFI Qs
Evaluation of GMP Submittal

- Confirm Coverage of Trade Bids
- Allowances
  - Hidden Contingencies?
  - CM vs. Owner
- Review Table A
  - Added Staffing?
  - Insurance Costs - OCIP
Table A Poll Questions
Monthly Updates

- Subcontractor directory
- Contingency use
- Allowance use

Recommended Best Practices:
- Memorialize Allowances in GMP Submittal
  - May or may not include in GMP Contract
- Adjust, add, deduct allowances / contingency via change order
Milestone Change Orders

- Milestone Change Orders
- Best Practice – Memorialize Project Milestones:
  - Significant project transitions
  - Phasing or completion of significant portion of work
  - “Large” complex Change Orders with Time Extensions
  - Beneficial Occupancy or partial turn-over
- Use Global Settlement Language
- Refer to CPDC Website for sample language
Final Cost Report

- Final Cost Report
- RFP Sec. 7.18
- General Conditions Sec. 8.09 Savings Split
- General Conditions Sec. 8.03 and 8.05
- General Conditions Sec. 8.10 Final Payment
- Beneficial Occupancy Change Order
- Final Settlement Change Order
How to Calculate the Final Cost

CM Final Cost Report should include (with back-up):

- All CM subcontract contracts, and sub-change orders
- CM Direct Material/Direct Labor Costs (self performed)
- CM Construction Phase Services (Fee) – per CM Agreement
- CM O/H & P - per CM Agreement
- Calculation of Additional O&P from University issued change orders
- Total of above is the CM total cost of the project
Final Cost Report Sample

(Full size sample Final Cost Report Summary)
Final Cost Report (cont.)

- If the Total CM Project Cost is LESS than the University Contract plus Change Orders – Project Savings must be split* and returned to the University via Credit Change Order
- * RFP may or not have a Savings Split Percentage
- If the Total CM Project Cost is GREATER than the University Contract plus Change Orders – there is no savings
Final Cost Report

- Final Cost Accounting - verifying the final cost and reviewing all documentation, subcontracts, invoices, etc. is tedious work
Common Problems with Final Cost Report

- GCs 8.03 Allowable Direct Cost – not followed
- GCs 8.05 Not Allowed
- Table A – Common for Contractors to code wrong
- Time – takes 2-3 months after completion to close subcontractor contracts / costs
- Retention can’t be paid until Final Cost Report is Completed
- Filing of NOC prior to final change order
- Beneficial Occupancy CO is required due to delay
Beneficial Occupancy COs

- Allowed per 4.10 & 8.01
- Per GCs - Occupancy does not constitute acceptance
- Best Practices:
  - Timely processing
  - Effective date
  - Indicate all open items
    - Examples: Punch list, Training, Open Issues, Schedule for Completion of Items, Restrictions due to Occupancy, Change in work hours
- Account for contract time
Final Settlement Change Order

(Full screen view of PDF)
Contact

Chancellor’s Office Construction Management
cocm@calstate.edu
Thank You

www.calstate.edu