Reaching for Success

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Construction Management at Risk

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Welcome and Introductions
Construction Management at Risk Defined
Benefits
Statutory Guidelines
Solicitation Processes
Contract Negotiations
Contract Management and Administration
Best Practices
Questions and Answers
Welcome and Introductions

- Name
- Title
- Agency
- Experience Construction Management at Risk
- Expectations from this Session
- Sign – In Sheet
The Price is Guaranteed!

- Construction Manager commits to deliver the project within a **Guaranteed Maximum Price** (GMP).

- Construction Manager acts as the equivalent of a general contractor during the construction phase and holds all construction subcontracts.

- Construction Manager must manage and control construction costs within the negotiated not-to-exceed GMP.
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It may be Guaranteed, but...

- Post-design scope creep
- Unforeseen conditions
- Owner requested changes in the scope of work

(These items can typically be managed through the use of the contingency line item included within the GMP.)
During the solicitation process the Construction Management Firm agrees to the terms and conditions of the agency’s Construction Management Agreement.
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Manage the Project Schedule...

- Construction Manager is to complete the project within the agreed-upon schedule, which includes:
  - Construction Start Date
  - Substantial Completion Date
  - Final Completion Date
LDs and P&P:

- Failure to meet substantial and/or final completion dates could result in liquidated damages.

- Performance and Payment Bonds are to be in place before the start of construction.
Negotiating the Contract...

Know your estimated cost to complete (historical cost/sq. ft.)

- Negotiate reasonable fees for:
  - Preconstruction Services
  - General Conditions
  - CM Fee (Overhead & Profit)
  - General Liability Insurances
  - Subcontract bonds
  - Performance and payment bonds
  - Labor Burden
Utilization of Construction Management Process When:

- Project specifications and drawings are limited
- Agency staffing is limited and/or inexperienced
- Multiple trades are required to complete the project
Benefits of contracting with the Construction Manager after Agency has selected the Architect/Engineer

**Preconstruction Services:**
- Assist with design development
- Value engineering (focus on cost control)
- Input regarding constructability
- Project management expertise
- Team up with A/E to develop final GMP
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Statutory Guidelines for Selection Process:
- Florida Statute 287.055
- Florida Statute 255.103
- Florida Statute 255.20
- Florida Statute 1013.45 (K-20 Education Code)
- State Requirements for Educational Facilities (SREF), Rule 6A-1.0010, Ch. 4
Solicitation Process:

- Florida Statute 287.055, Competitive Consultants Negotiation Process (CCNA)
- Selection Based on Qualifications Only
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Solicitation Document Components:

- Project Description
- Requirements
- Qualifications
  - Experience
  - Project Management Team
  - Project Plan
  - References
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Evaluation Process:

- Written Proposals
- Oral Presentations
- Adjectival Rating Structure Example
Selection Committee Process:

- Cross-Functional Team
- Mandatory Training Program Defines Roles and Responsibilities of Team:
  - Evaluation Guidelines
  - No Contact Period Defined
  - Conflict of Interest Agreement
Contract Negotiation Team Members:

- Public Works/Facilities
- Procurement
- End User
- Legal
Contract Document Structure:

- Single Contract vs. Part A and Part B

- **Part A** – Pre-Construction Services Fee
  (Work with A/E on design until receipt of 100% complete specifications and blueprints. Then obtain competitive sealed bids on trade packages)
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Contract Document Structure (con’t):

- **Part B** – Designates CM Fee (____%) to be included in final, negotiated GMP contract based on trade bid results

  - **Benefits:**
    - Provides Value Engineering During Design
    - Ensures a Transparent and Competitive Bidding Process
Contract Document Components:

- Owner Responsibilities
- Construction Manager Responsibilities
- Competitive Procedures for Trade Bids
- Performance and Payment Bonds
- Certificate of Insurance
- Owner Direct Purchase Orders
- Save Sales Tax
- Payment Procedures
Contract Document Components (con’t):

- Change Order Procedures
- Dispute Resolution Procedures
- General Conditions
- Special Conditions
- Utilization Procedures for Contingency
- Errors and Omissions
- Final Payment and Closeout Procedures
- Audit Process for Project after Closeout
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Agency Project Management Roles and Responsibilities:

- Liaison Between Construction Manager, Architect and Owner
- Expedite Owner Direct Purchase Orders
- Process change orders
- Manage a resolution for errors and omissions
Contract Administration Roles and Responsibilities:

- Documentation
- Process Contract Amendments
- Dispute Resolution
- Contract Archives
- Warranty Documentation
Construction Management Projects Less Than $2 million:

- Selection process for list of qualified firms for specific period of time

Construction Management Projects $2 million and greater:

- Selection process for 1 qualified firm
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Discussion of Best Practices
Questions and Answers

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