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ADMINISTRATION OF CONSTRUCTION AGREEMENTS

For Construction Manager and Design/Construction Services Team services.

PURPOSE: To establish procedures for the administration of construction manager and Design/Construction Team Agreements, including negotiation, contracting, and payments

A CONTRACTING AUTHORITY

The University of South Florida Board of Trustees, or Designee, is the contracting authority for Construction Manager (CM) and Design/Construction Services Team (DCST) agreements.

B SCHEDULING AND NEGOTIATIONS

Upon approval of the selection, the University schedules the negotiation meeting with representatives of the selected firm and the University. The University transmits to the selected firm the standard Agreement, the Project Manual (UPM) for CM agreements, or the Contract Document Forms (CDF) for DCST Agreements, the General Conditions of the Contract for Construction, or any supplemental or special conditions, and a copy of this procedure. These documents can be obtained from the Office of Facilities Management - Design and Construction.

CONSTRUCTION ADMINISTRATION GUIDE (FOR CM & DCST AGREEMENTS)
The University directs the selected firms to each prepare a proposal for preconstruction services in accordance with the CAG-Exhibit 1A (Guideline for Preparation of Proposals for Preconstruction Services) and CAG-Exhibit 1B (Guideline for Preparation of Proposals for Preconstruction Services - Multiplier Breakdown).

**C NEGOTIATION FOR PRECONSTRUCTION SERVICE**
Representatives of the University meet with the selected firm to negotiate the preconstruction portion of the contract. If negotiations with the first ranked firm are unsuccessful, the University may terminate negotiations with that firm and begin negotiations with the second ranked firm. If negotiations with the second ranked firm are unsuccessful, the University may terminate negotiations with that firm and begin negotiations with the third ranked firm. If negotiation with the third ranked firm is unsuccessful, the University may terminate negotiations with the third ranked firm, and may select additional firms from the original pool or re-advertise the project, or negotiations may be reinstated following the original order of priority. Negotiations may, in the President’s sole discretion, continue in accordance with this paragraph until an Agreement is reached. At any time during the negotiation process, the University may terminate negotiations entirely and reconsider the use of Construction Manager or Design/Construction Services Team services for the project.

1. **Preconstruction Agreement File.** The University maintains a preconstruction agreement file containing: the preconstruction agreement, the preconstruction fee proposal, a copy of the contractor’s license for the selected firm, and any additional information related to the preconstruction negotiation.

2. **Preparation of Agreement.** Upon completion of successful negotiations, the University prepares the “Agreement between Owner and Construction Manager” or “Agreement between Owner and Design/Construction Services Team” for preconstruction services. After approval by the University General Counsel, the University transmits three copies of the Agreement to the selected firm for execution.

3. **Distribution of Executed Agreement.** Upon final execution of the agreement by the University president or designee, the University distributes the copies as follows: the contracted firm the University Facilities Management office, and the architect/engineer (for CM agreements).

4. **Negotiation of Guaranteed Maximum Price (GMP).** When it is time for the contracted firm to develop the GMP proposal, the University directs preparation in accordance with the “Guidelines for CAG-Exhibit 2 (Guideline for Preparation of Guaranteed Maximum Price Proposal).

After the contracted firm develops the GMP, the University reviews the proposal. The University ensures that the Architect/Engineer receives a copy for review (for CM or DCST agreements). When all parties have reviewed the GMP proposal, the University schedules the negotiation meeting.

If negotiation regarding the terms of the GMP proposal are unsuccessful, the University may terminate negotiation with that firm and begin negotiation with the second ranked firm from the original selection. If negotiation with the second ranked firm is unsuccessful, the University may terminate negotiation with that firm and begin negotiation with the third ranked firm from the original selection. If negotiation with the third ranked firm is unsuccessful, the University may terminate negotiations with the third ranked firm, and may select additional firms from the original pool or re-advertise the project. At any time during the negotiation process, the University may terminate negotiations entirely and reconsider the use of construction management or Design/Construction Team Services for the project.

**D PREPARATION OF THE GMP AMENDMENT**
Upon successful negotiation of the GMP, the University prepares the GMP amendment to the Agreement. The amendment shall establish the GMP amount, the number of calendar days for completion and the liquidated damages amount, and shall reference any applicable supplements to the list of contract documents. The University also prepares the Performance Bond and the Labor and Materials Payment Bond.

1. **Transmittal of Amendment to contracted firm.** After approval by the University general counsel, the University transmits three copies of the amendment to the Agreement to the contracted firm, together with three copies each of the Performance Bond and Labor and
Materials Payment Bond, for execution. Either example **CAG-Exhibit 3A (Transmittal of GMP Amendment to the Construction Manager Agreement for Execution)** or **CAG-Exhibit 3B (Transmittal of GMP Amendment to the Design/Construction Services Team Agreement for Execution)** will be used as the transmittal letter.

2. **Review of Insurance Issues.** Upon receipt of the signed amendment and the required insurance certificates and bonds from the contracted firm, the University will review the bond and certificate documents for compliance with the specifications.

3. **Distribution of Executed GMP Amendment.** Upon final execution of the GMP amendment by the University president, or Designee, the University distributes the copies, each with a set of bonds, as follows: the contracted firm, the University Facilities Management office, and the Architect/Engineer (for CM agreements).

4. **GMP File.** The University maintains a GMP file containing: the executed GMP amendment, the Performance and Payment Bonds, the insurance certificate(s), the approved GMP proposal, a recommendation letter from the architect/engineer, documentation of the University's approval of the bonds and insurance, documentation of the calculation for liquidated damages, and any correspondence related to the GMP.

5. **Bidding Schedule.** The University discusses the bidding schedule with the contracted firm. Based on the proposed schedule, the University develops a payment schedule with the Architect/Engineer for the Architect/Engineer's bidding phase payments (for CM or DCST agreements projects).

6. **Prequalification of Subcontractors.** The contracted firm develops procedures for prequalification of trade contractors, and coordinates with the University to ensure that the procedures are acceptable.

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**E BID OPENINGS AND AWARD RECOMMENDATIONS**

The University ensures that the contracted firm publicly advertises for each bid package. While the bid openings are not required to be public, a University representative must be present when bids are opened by the contracted firm.

The University instructs the contracted firm to provide a letter of recommendation for award of each bid package, the letter of recommendation from the Architect/Engineer, a copy of the bid tabulation form and a copy of each bid proposal for Owner’s acceptance. The University maintains this information on file for audit purposes.

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**F CHANGE ORDERS**

Prior to approval by the University, change orders must be supported by bids or by the unit prices established in the original bid.

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**G PROCEDURES FOR SELF-PERFORMANCE OF WORK**

These procedures are to be followed for any Work which is neither included in the contracted firm’s fee, nor competitively bid.

1. **The Agreement provides:** "Unless otherwise authorized by the Owner, all Work shall be performed under Trade Contracts held by license entities under trade contracts with the contracted firm. The contracted firm shall not bid on any of the Trade Contractor Work or perform such Work with its own forces without the prior written consent of the Owner."

2. **Prior Consent.** The contracted firm must make its request to self-perform Work to the University. If the University concurs, the University president, or designee, shall send written authorization to the contracted firm.

   a. Consent may be given either:
      
      1. for the contracted firm to bid on a specific portion of the Work, or
      2. for the contracted firm to submit a proposal for self-performance of the Work, together with three quotes from other contractors for performance of that same Work. If the contracted firm is unable to secure three quotes due to insufficient trade contractor interest, the contracted firm shall provide documentation of its efforts to secure the
b. Items which will be considered for self-performance include, but are not limited to:
   .1 General Conditions items.
   .2 Work for which sufficient scope does not exist to attract trade contractor interest, or for which the schedule for the Work spans a time period which is sporadic and broken over the duration of the Project.
   .3 Work which must be performed to eliminate safety violations or remedy emergency conditions.
   .4 Unforeseen Work for which the timing has significant and negative impact on the schedule of the project, or work for which the Owner mandates an accelerated schedule to complete component parts of the Project. (Circumstances such as completeness of architectural drawings, time required to generate appropriate bid packages, and change order liability will be considered.)
   .5 Portions of the Work for which the contracted firm has a proven track record of performing such Work, and for which the participation by the contracted firm would be advantageous to the Owner.

H INVOICING PROCEDURES

1. Preconstruction Phase Payments. Preconstruction Phase fees are negotiated as a lump sum amount, with fees associated with individual deliverables. Upon approval of the deliverable, the contracted firm may invoice the amount stated in the contract for that deliverable. The form to be used is included as CAG-Exhibit 4A (Construction Manager Pre-Construction Phase Invoice) and CAG-Exhibit 4B (DCST Pre-Construction Phase Invoice). One original invoice and two copies are required (including backup, if any), and are to be submitted to the University. If any additional services have been authorized in writing by the University, a copy of the authorization (and supporting documentation, if required by the authorization) must be attached to the invoice.

2. Construction Phase Payments. Construction Phase payments are made using the Certificate for Partial Payment form, and are sent to the architect/engineer. These payments are approved by the University. The actual construction is paid based on percentage completed as supported by the schedule of values and backup documentation from trade contractors for work completed.

3. Fee and General Conditions Pay Request Documentation:
   a. The overhead and profit portion of the fee, approved during the negotiations as a percentage of cost of Work, may be invoiced in proportion to the percentage of Work completed. No backup documentation is required.
   b. General Conditions items which were awarded based on competitive bidding are paid based on percentage completed as supported by the schedule of values. No additional documentation is required.
   c. Full-time site staff: A calculation showing hours times the hourly rate for the days worked during the pay period. Line item amounts from the GMP for these costs shall not be exceeded without prior approval of the University.
   d. General Conditions and fee items not provided by the contracted firm: e.g. utilities to the site trailer, custodial service, office equipment rental or purchase, bonds, etc. A copy of the invoice or rental agreement from the provider must be included in the pay request.
   e. Fee or General Conditions items provided by the contracted firm: e.g. home office labor support, site cleanup (if not provided by a subcontractor and if approved for self-performance under the procedures established herein). A calculation showing hours times the hourly rate for the days worked during the pay period. Include time sheets. Line item amounts from the GMP for these costs shall not be exceeded without prior approval of the University.

4. Self-Performed Work:
   a. If the contracted firm is self-performing Work for which the contracted firm's price is the result of being the low bidder (if the Work was competitively bid) or of being the low proposed price (if three quotes were provided), then the pay request is made in the same manner as for
other subcontractors.

b. If circumstances (e.g., emergencies, etc.) are such that the contracted firm is self-performing Work, and the award was not based on the conditions described in the paragraph above, then the contracted firm shall include the following documentation with the pay request:

.1 All labor shall be documented on weekly time records at a wage scale commensurate with that paid in the area and trade including all labor taxes and insurance. (The contracted firm shall provide justification for rates used.)

.2 Material purchases in amounts equal to or greater than twenty-five-thousand dollars ($25,000.00) and less than seventy-five thousand dollars ($75,000.00) shall be documented by written quotations from at least three vendors. For material purchases equal to or greater than seventy-five thousand dollars ($75,000.00) competitive bids shall be obtained in accordance with the Agreement and General Conditions, unless otherwise approved by the Owner. Documentation for material purchases for amounts less than twenty-five-thousand dollars ($25,000.00) include documented telephonic quotations from at least three vendors. Documentation of the required quotations shall be submitted with the first pay request which includes payment for such materials.

5. Savings:
   a. Trade contracts: if a bid package exceeds the line item amount provided in the GMP, the entire cost is payable to the contracted firm, provided that the GMP is not exceeded. Savings in trade contracts accrue in accordance with the provisions of the Agreement.

6. General Conditions and Fee:
   a. Items budgeted as part of the fee as identified by Paragraph 7.2 (Agreement between Owner and Construction Manager) or as Paragraph 13.2 (Agreement between Owner and Design/Construction Services Team) are line item budgets, and are not interchangeable without specific approval of the University.

   b. Items budgeted as part of the General Conditions as identified by or as Paragraph 8.2 (Agreement between Owner and Construction Manager) are Paragraph 13.3 (Agreement between Owner and Design/Construction Services Team) line item budgets, and are not interchangeable without specific approval of the University.

   c. A change or increase to field staff or home office support staff must have prior approval of the University. Savings in General Conditions and fee accrue according to the provisions of the Agreement.

H CONTRACTOR EVALUATIONS

1. The Construction Manager, or the Contractor component of the Design and Construction Services Team, will be evaluated by the University while under contract: annually for major projects; and at additional times if determined by the University to be beneficial in the development of a project. See sample evaluation forms: PMG-28B (Contract Evaluation) and PMG-28C (Contract Evaluation bet Customer).

2. Evaluations will be kept on file.