

Contact: John Nash

PROPOSED BOARD POLICY MANUAL REVISIONS – CHAPTER 2.3

Action Requested: Approve revisions to the Board's *Policy Manual* related to design professional agreements and construction contracts. This is the first and final reading.

Executive Summary:

- To eliminate a long fee negotiation period that follows design professional selection and to simply start a project's design faster, a design professional would be required to submit a fee for Schematic Design services only at the final interview. The fee would be set by the university in the RFP for Design Professional Services. While carrying out their Schematic Design services, the design professional would become more informed about the project and in a better position to negotiate a second fee for the remaining design services. This second fee would cover an overwhelming majority of the design professional's agreement.
- To clarify what the original construction contract amount is, the Board Office proposes to eliminate the institution's ability to reset the original construction contract amount.

Section 8 (additional language in **bold**):

B. Design Consultant and Construction Management Selection Process

vii. Design Consultant or Construction Manager Fees

- b. To expedite the start of design, an institution may request a design professional to include their Schematic Design fee with their regular RFP proposal at the time of the final interviews. The fee would be set by the institution and clearly stated in the RFP.**

After a design professional is selected by the institution, the institution and the design professional would enter into a Schematic Design agreement based on the Schematic Design fee. As Schematic Design nears completion, all remaining design professional services are negotiated and added to the Schematic Design agreement as Amendment #1. The new agreement amount is defined as the sum of the Schematic Design agreement and Amendment #1.

Section 12 (deletion of language lined out):

C. Construction Contract Change Orders

iv. For projects with budgets of \$1,000,000 or more, change orders shall be approved by the institution, unless a single change order exceeds 5% of the contract amount or \$100,000 whichever is less [with a minimum of \$50,000] and/or the sum of the cumulative change orders exceeds 20 percent of the original construction contract amount. If the amount of the change order(s) exceeds this threshold, the change order shall be approved by the Board Office. ~~With the concurrence of the Board Office, the twenty percent threshold may be based on the original construction contract amount plus the sum of prior change orders.~~ Information on all approved change orders for projects of \$1,000,000 or more shall be reported to the Board as needed.