

During the December BoR meeting, there were several concerns and questions about the administrative/project management charge attached to each capital project. While there are differences in both the numbers and in cost structures between the MAUs, they are not significant. They are charging all of their direct and indirect costs of the capital programs by assessing individual projects. By charging the projects they avoid spending general funds.

For the purpose of comparing project management costs between the MAUs, we had each MAU cost out a sample \$1 million project. While each unit covers their direct and indirect costs, there are some differences on what is covered as well as how much is charged.

The following chart indicates the differences between the units.

Size of Project	UAF Project Mgmt	UAA Project Mgmt	UAS Project Mgmt	UAA/UAS Contingency	UAF Contingency
\$0 - 25,000	15%	16%	5-6%	7-15%	10%
\$25,001-100,000	12%	14%	5-6%	7-15%	10%
\$100,001-250,000	10%	12%	5-6%	7-15%	10%
\$250,001-1,000,000	9%	10%	5-6%	7-15%	10%
\$1,000,001-2,000,000	7%	8%	5-6%	7-15%	9.5%
\$2,000,001-10,000,000	6%	7%	5-6%	7-15%	9%
\$10,000,001-25,000,000	5%	6%	5-6%	7-15%	8.75%
\$25,000,001+	4%	5%	5-6%	7-15%	8.5%

DDC Administrative Fee
Rate: 3.2%

The following pages detail a sample \$1 million project at each MAU. Included are the details on what costs are covered by those fees.

UNIVERSITY OF ALASKA FAIRBANKS

Project Name: SAMPLE \$1,000,000 Project	
MAU: UAF	
Building:	Date:
Campus:	Prepared By:
Project #:	Account No.:
Bid #:	Total Appropriation: \$1,000,000.00

PROJECT BUDGET	Original	Comments
A. Professional Services		
Consultant Basic Services	\$70,000	Use approximately 10% of construction cost
Consultant CA Services	\$20,000	Use approximately 2% of construction cost (may be up to 4% for some projects)
Consultant Reimbursables	\$5,000	
Programming/Scoping	\$0	Budget as needed for specific project
Site Survey	\$0	Budget as needed for specific project
Soils Engineering	\$0	Budget as needed for specific project
Testing	\$0	Budget as needed for specific project
HVAC Balancing	\$0	Budget as needed for specific project
Plan Review / Permits	\$5,000	
Other	\$0	
<i>Professional Services Subtotal</i>	\$100,000	
B. Construction		
General Contractor	\$685,000	
Other Contractors	\$0	
Construction Contingency	\$68,500	10% for this size project, it would be less for larger projects
Art	\$6,850	
Work Orders (Telephone and FS)		
Telephone	\$0	Budget as needed for specific project
DCC(IT support)	\$0	Budget as needed for specific project
FS Operations and Maintenance	\$10,000	There is usually some level of support needed from UAF maintenance for projects
Other (Interim Space Needs)	\$0	
<i>Construction Subtotal</i>	\$770,350	
C. Equipment and Furnishings		
Equipment	\$0	It depends on the type of project for these line items, typically not needed for small projects or may be budgeted outside the project funds, it is not required to be part of the capital project by BoR Definition
Furnishings	\$0	It depends on the type of project for these line items, typically not needed for small projects or may be budgeted outside the project funds, it is not required to be part of the capital project by BoR Definition
Make Ready/Move In	\$5,000	This line item varies between projects
<i>Equipment and Furnishings Subtotal</i>	\$5,000	
D. Administrative Costs		
Advance Planning	\$0	
Parking/Staging	\$5,000	Contractors are required to pay UAF Parking Services for parking
Travel and Tolls	\$0	
Advertising and Printing	\$7,000	
Misc.Expenses	\$5,000	
Salaries	\$78,782	9% for project this size. We use a sliding scale based on past experience
DDC Direct Management Cost	\$28,011	Recharge fee - see detailed explanation below
<i>Administrative Costs Subtotal</i>	\$123,793	
E. Total Project Cost	\$999,143	
F. Total Appropriation(s)	\$1,000,000	

Recharge Fee Detail

Project Management Check	
Contingency	10.00%
DDC DIRECT	3.20%
Salaries	9%
Project Funding	\$1,000,000
Total Project Budget	\$999,143
Difference	\$857

Facilities Services Division of Design and Construction (DDC) Recharge Service Center provides administrative support and planning for all campus capital improvement projects that uniformly benefit all capital construction activities. General and administrative (G&A) support expenses include office space rent, vehicles, copiers, printers, cameras, computers, communication services and equipment, other office equipment and their maintenance, LAN server and peripheral equipment, dark fiber hi-speed internet connection, resource library publications, office supplies, professional registrations and professional development for 30 to 35 employees. The recharge budget also pays for the following positions, either partially or in full: Associate Vice Chancellor for Facilities & Safety, Facilities Services (FS) Financial Manager, FS Admin. Manager, FS Information Officer, DDC Director, CAD Manager, two Drafters, Fiscal Professional, Account Technician, Administrative Assistant, Receptionist, Financial Services Fiscal Professional, and student support. The G&A recharge also supports every position in the division for time spent on planning, training, and strictly administrative tasks.

Design and Construction personnel complete the facilities inventory for Statewide, using the recharge account to charge their time. Capital planning (salaries, design, etc.) for UAF and its rural campuses are paid for from the recharge budget. Also, funding to help support statewide capital planning is provided from the DDC recharge via an annual assessment. In addition, small facility modifications initial estimations and design are funded with the DDC recharge.

UAA-- Integrated Science Building Info Briefing



Agenda

- ISB Background
- Current Status
- Path Ahead
- Summary



UAA ISB Background

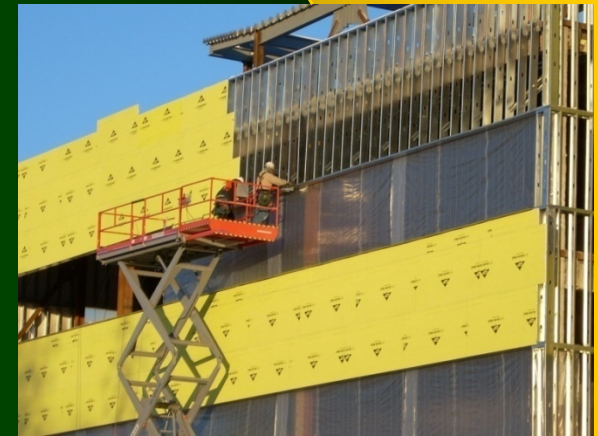
- Background

- ✓ Board of Regents Approvals
 - ✓ Preliminary Project— Feb 19, 2004 \$8.4M
 - ✓ Formal Project— Dec 8, 2004-\$30M
 - ✓ Schematic Design— June 8, 2006-\$87M
- ✓ BOR Approved Budget: \$85M + \$2M in Receipt Authority = \$87M
- ✓ Designer: ZGF with ECI Hyer
- ✓ Builder: Cornerstone Construction Company as CM@Risk
- ✓ Type Contract: Guaranteed Maximum Price (GMP)
- ✓ Construction Start Date(s): Site Prep: Fall 06 Building: Spring 07
- ✓ Construction Completion Date: Summer 2009



UAA ISB Status

- Building Construction Contract – March 2007
 - ✓ Cornerstone offered \$71M as GMP (about \$5M over Construction Budget)
 - ✓ To Get to \$71M -- Value Engineered
 - ✓ \$2M in mechanical and electrical equipment changes
 - ✓ \$ 1M in material changes
 - ✓ To Get to \$66M--Deferred Scope and Admin Changes
 - ✓ Add/Alt AEM Planetarium-\$475K
 - ✓ Add/Alt AEM Auditorium-\$657K
 - ✓ Add/Alt AV equipment-\$866K
 - ✓ Add/Alt Vivarium-\$2.28M
 - ✓ Total Scope Deferment: \$4.28M
 - ✓ Admin Changes: \$1M



Note-Deferred Work Prices go up as Construction Progresses

UAA ISB Status

- Building Construction Contract –March 2007
 - ✓ Awarded for \$66M (GMP)
 - ✓ Project funds included contingency and equipment budget of \$7.7M: hoped to have funds at the end of the project available to finish auditorium, planetarium and procure AV equipment
- Modifications to date: \$4.5M
 - ✓ Include:
 - ✓ Differing Site conditions (Piles)
 - ✓ Steel Modification
 - ✓ Conforming documents
 - ✓ Vivarium
- Parking Garage and Loop Road Allocation \$3.5M
 - ✓ Clearing and Misc Work and Design \$1.2M; \$2.3M remains
- Leaves contingency and equipment budget of \$3.2M
 - ✓ \$2M is receipt authority to obtain equipment through fed grants
 - ✓ UAA Vice Provost for Research heading effort
 - ✓ Under \$1M currently available for construction contingencies



Path Ahead

- Option 1--Convert Contract to Fixed Price/Lump Sum
 - ✓ Reduces Admin Burden and Admin Costs
 - ✓ Frees up Contractor Contingency for use
 - ✓ Add owner risk
- Option 2 – Accept a Gift from a Committed Donor
 - ✓ Raise the TPC /Receipt Authority by \$4M
 - ✓ TPC from \$87M (85/2) to \$91M (85/6)
- Option 3 –Combined Option 1 and 2



Path Ahead

- Option 2--Preferred Alternative

- ✓ We have a Donor that will Provide \$4M for Facilities and Equipment
- ✓ In order to take advantage of this Gift:
 - ✓ We need to Increase project receipt authority by \$4M
 - ✓ \$2M to build out auditorium and planetarium and procure AV equipment
 - ✓ \$1M for building FFE and project contingency
 - ✓ \$1M for Special Equipment not in TPC currently



Summary

- Currently, still within Project Budget
- Will Spend All of the Available Project Funds on current scope
 - ✓ Will need to fund deferred scope at an escalating price
- We have Received a Gift Pledge for Facilities and Equipment
 - ✓ In April we will Ask for \$4M in Additional Receipt Authority
 - ✓ Add scope deferments
 - ✓ Add Specialty Equipment not part of current project or TPC

