



OFFICE OF THE STATE ARCHITECT
STATE BUILDINGS PROGRAM
POLICIES AND PROCEDURES

PROJECT MONITORING AND COST MANAGEMENT GUIDELINES

These guidelines are intended to assist all state agency and institutions of higher education personnel responsible for establishing construction project budgets, monitoring status, managing costs and project reporting for state funded capital construction, capital renewal, and controlled maintenance projects. For guidelines pertaining to revising contract documents through amendments, change orders and supplements; please refer to the current version of State Buildings Program Policy **Contract Modification Guidelines SBP/CONT/MOD**.

Cash funded capital construction projects over two million dollars (\$2,000,000) are also required to comply with these guidelines.

I. Responsible Party:

a) Each project should have assigned a Project Manager responsible for:

- Establishing project budgets
- Reviewing, approving and tracking change orders/ amendments/supplements.
- Compiling and reporting monthly project status reports and final closeout reports
- Compiling and reporting the annual SBP construction project status reports
- Checking line item budgets with actual costs
- Monitoring contingency funds
- Reverting unencumbered funds to the capital construction fund at project close out. (This activity should be conducted in close coordination with the State Controller's Office (as applicable).

(Note: An internal process needs to be setup to review and approve the initial contract scope of work and associated costs, such as contract sums/fees, and reason for changes through change orders/amendments/supplements and pay applications, and one which incorporates the signature of the principal representative to commit the agency to expend the funds and State Buildings Program/Delegate for technical approval.)

b) Typically, the responsible party to manage the project, the Project Manager is the State Buildings' Delegate or other technical staff working closely with State Buildings Program directly involved in day-to-day project management. These individuals would be the most familiar with the project scope, the progress, and any associated changes during the design and construction phases.

II. Project Monitoring and Cost Control documentation:

a) **Construction project application (SBP Form SC-4.1)**

- On general funded construction projects, this form is required to initiate (un-restrict funding) each construction project. Refer to online form instructions for completing the form.
- Note that on Agency capital projects, both the State Buildings Program Delegate and the Office of the State Architect sign the document.

- On Controlled Maintenance, including emergency, transfers only the Office of the State Architect signs, not a delegate.
- On cash funded construction projects, the project budget is established through the approved CC-C form, or the applicable construction budget form.

b) Construction Project Status Reports

At a minimum, it is suggested that each agency responsible for capital construction/capital renewal and controlled maintenance appropriations maintain a monthly status report similar to the one submitted annually to State Buildings Program. **Project Specific Status Report (SBP-10.1)** is available as a template.

It is, however, required by State Buildings Program that each agency submit on an annual basis the OSA-CC/CR-SR and OSA-CM-SR Construction Project Status Reports. The reports are due at State Buildings Program with the annual Controlled Maintenance submittal each year. This report tracks all Long Bill authorized construction projects and all cash funded construction projects over \$2 million dollars.

c) Project Specific Status Report

This summary report or one similar should be compiled for each construction project and the data should roll up to the construction project status report. The following budget and cost data should be tracked and compared to monitor and determine the financial soundness of the project:

- Construction project application (SC-4.1) for each budgeted line item or in the case of cash funded project, the original project budget as established per the CC/CR-C form.
- Architect/Engineer's/contractor's estimate of probable construction cost. (At schematic design, design development and construction documents phases as applicable).
- Contractor's actual bid (or guaranteed maximum price, as applicable).
- Committed to date (fully executed contract amounts, including purchase orders, commitment vouchers, etc.).
- Expended to date with percentage (change orders, pay applications, warrants, etc.).
- Pending commitments (negotiation phase, contract approval routing, etc.).
- Projected commitments (anticipated work, scope changes, etc.).
- Project balances with percentage.
- Budget to actual final costs.

d) Contract Status Report

Each design and construction contract should be tracked individually and the data collected should roll up to a Project Specific Status Report. At a minimum, the following cost data should be monitored:

- Each design and construction contract.
- Each construction bid phase, if applicable.
- Funding availability/condition precedent clause, if applicable.
- All associated supplements, change orders and amendments.

(Note: Tracking of projects with the use of these documents should be done in association with State Buildings Program **Change Order Management Guidelines SBP/CO/MGMT**)

e) **Project Close Out documentation**

In addition to the annual project status report submission to SBP, agencies/institutions are required to submit the following project close out documentation for each capital construction and controlled maintenance project.

Exhibit L-1 Code Compliance Project Close Out Submittal (It should be sent immediately after signing the Approval of Occupancy/Use):

- Notice of Code Compliance.
- Notice to Proceed.
- Building Inspection Record (fully signed off and approved).
- Notice of Approval of Occupancy/Use.

Exhibit L-2 Budget Reconciliation/Administration/Evaluations Transmittal (It should be sent immediately after funds have been fully expended/reverted):

- Final Project Application SC-4.1 or CC/CR-C as applicable.
- Contingency Summary Form
- Project Monitoring and Administration.
- Lessons Learned/Evaluations.
- Use of Foreign-Produced Goods per C.R.S. § 24-103-910. *(Does not apply to projects for Institutions of Higher Education that have opted out of the State Procurement Code).*
- High Performance Certification Program.

III. **Contingency Management**

It is essential that the project contingency is based on the overall project budget including all associated costs and not solely on the construction cost. Project contingencies for all new construction, equipment purchases, or facility-related planning studies will be 5% of the total project cost, excluding land or building acquisition costs. Contingencies for project renovations/capital renewal/controlled maintenance and capital renewal will be 10% of total project costs, excluding land or building acquisition costs.

a) It is recommended that project contingencies be subdivided into, but not limited to, the following categories for budgeting purposes:

- Professional services
- Construction or improvements
- Furniture, fixtures, and equipment
- Miscellaneous

b) Contingencies are established to compensate for unknowns. It is not expected, however, that the budgeted sub-category amounts are fixed and static. Contingency dollars can move from one category to another as required **provided that they are not used to increase the scope of work outside the legislative intent of the appropriated funds**. The portion of the contingency attributable to the construction budget should not be factored into the Authorization to Bid (SBP-6.10) line C nor should it be used in order to compensate for a bid overage without first consultant with the Office of the State Architect.

- DIFFERING SITE CONDITIONS: either encountered on site or in the building structure because of existing conditions not identified or detected during initial investigations.
 - BID ALTERNATES: Implementation of either additive or deductive bid alternates because of favorable/unfavorable base bid results, the functionality of the project is not compromised by implementation of deductive alternates.
 - ADDED VALUE: Change work represents essential work necessary to achieve original scope of work but was not identified in the original bid documents due to omission.
 - UPGRADES: Change work due to voluntary upgrading by agency/institution of materials and/or equipment/systems within original scope of work. Justification is to be based on durability, energy efficiency, aesthetics, etc.,
 - UNKNOWN ITEMS: Unforeseen costs associated with impact of project on existing functions of the agency/institution causing disruptions, shut downs, relocations, etc.,
- c) TRANSFER: With approval from OSA, Controlled Maintenance (CM) project funds can be transferred to another CM project or an OSA declared emergency project. Capital construction and capital renewal projects cannot transfer funds to other projects.
- d) REVERSION: Contingency dollars, as well as any other budgeted project dollar balances that remain after the project is completed, are to be reverted to the capital construction fund.