



# the **CMAR** Process

## *Construction Manager at Risk*

Presenters:

Kyle Culverhouse

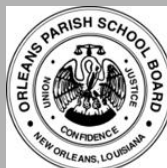
CORE Construction

Jason Bruzic

CORE Construction

Kevin Ferguson

Jacobs/CSRS



# the **CMAR** Process

# AGENDA

- 1. CMAR Process Overview**
- 2. Subcontractor Involvement in PreCon**
- 3. Subcontractor Selection**
- 4. Insurance Requirements & Financing**

# TEAM – CORE Construction Group

**11 Offices**

**1,000 Employees (110 employees in Louisiana)**

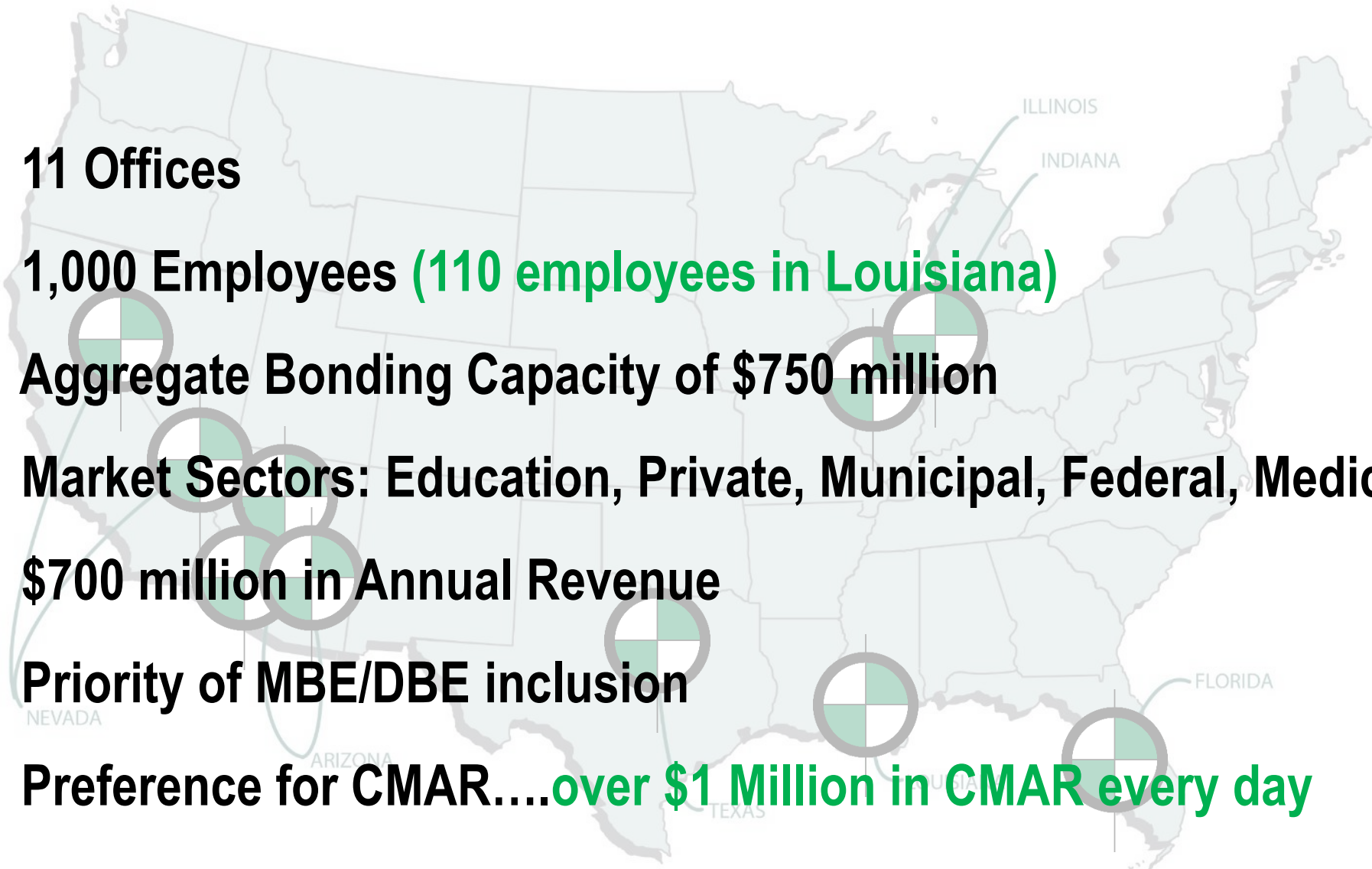
**Aggregate Bonding Capacity of \$750 million**

**Market Sectors: Education, Private, Municipal, Federal, Medical**

**\$700 million in Annual Revenue**

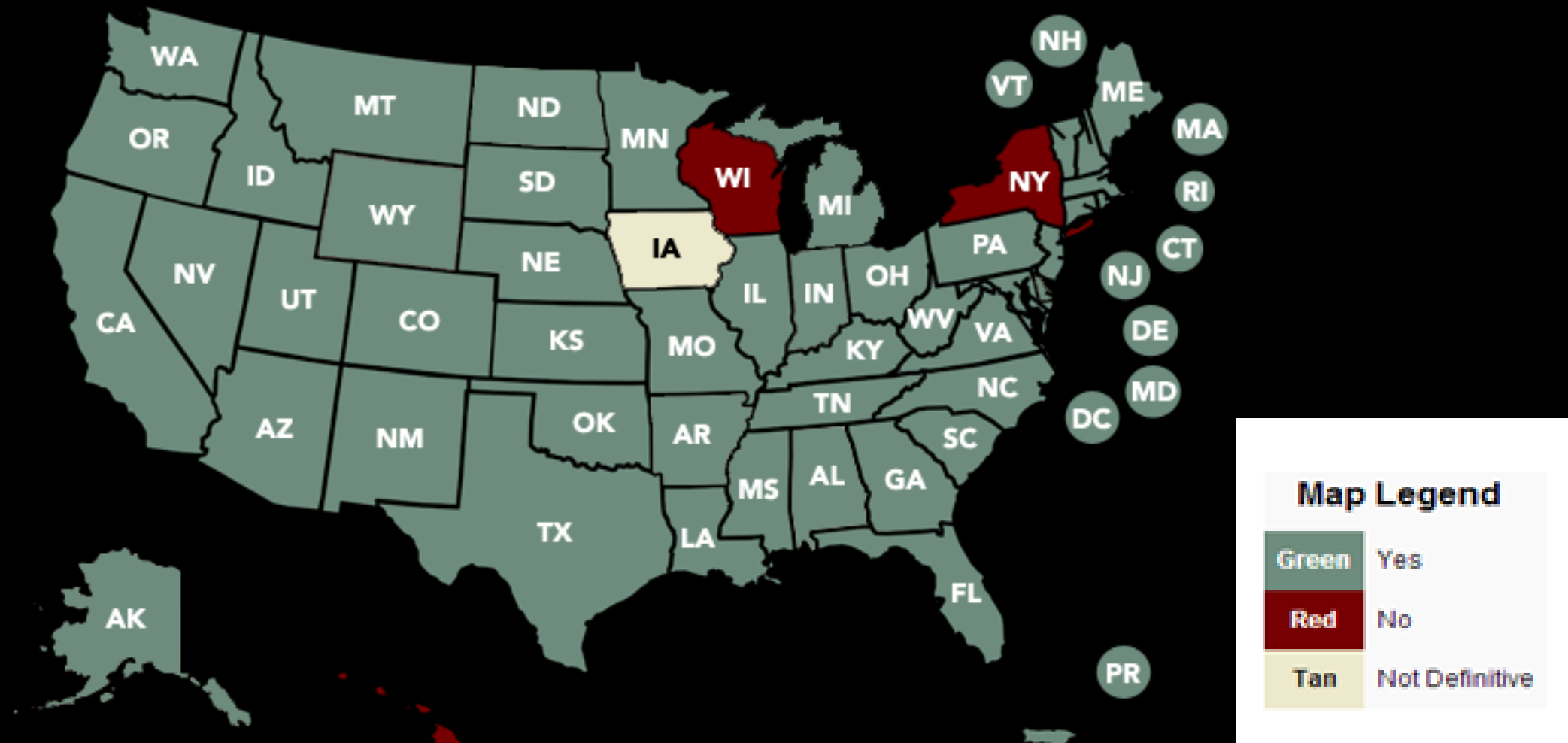
**Priority of MBE/DBE inclusion**

**Preference for CMAR....over \$1 Million in CMAR every day**



# 1. CMAR & Preconstruction

# CMAR – Public Sector Availability ([AGC.org](http://AGC.org), 2015)



# WHY CMAR WORKS

Allows Contractor & Subcontractor Input During Design

Keeps Project on Budget Throughout Design

Mitigates Risk for Owners, CM and Subs w/ Constructability reviews & Sub Coordination

Still includes competitive bidding among prequalified subcontractors

Allows Client to understand why the design is the way it is before the project is built

Cost Transparency...Owner knows the price starting at the beginning of design

# CMAR – **CORE** and the RSD / OPSB Projects

**ALL CMAR's and Clients conduct this process slightly differently**

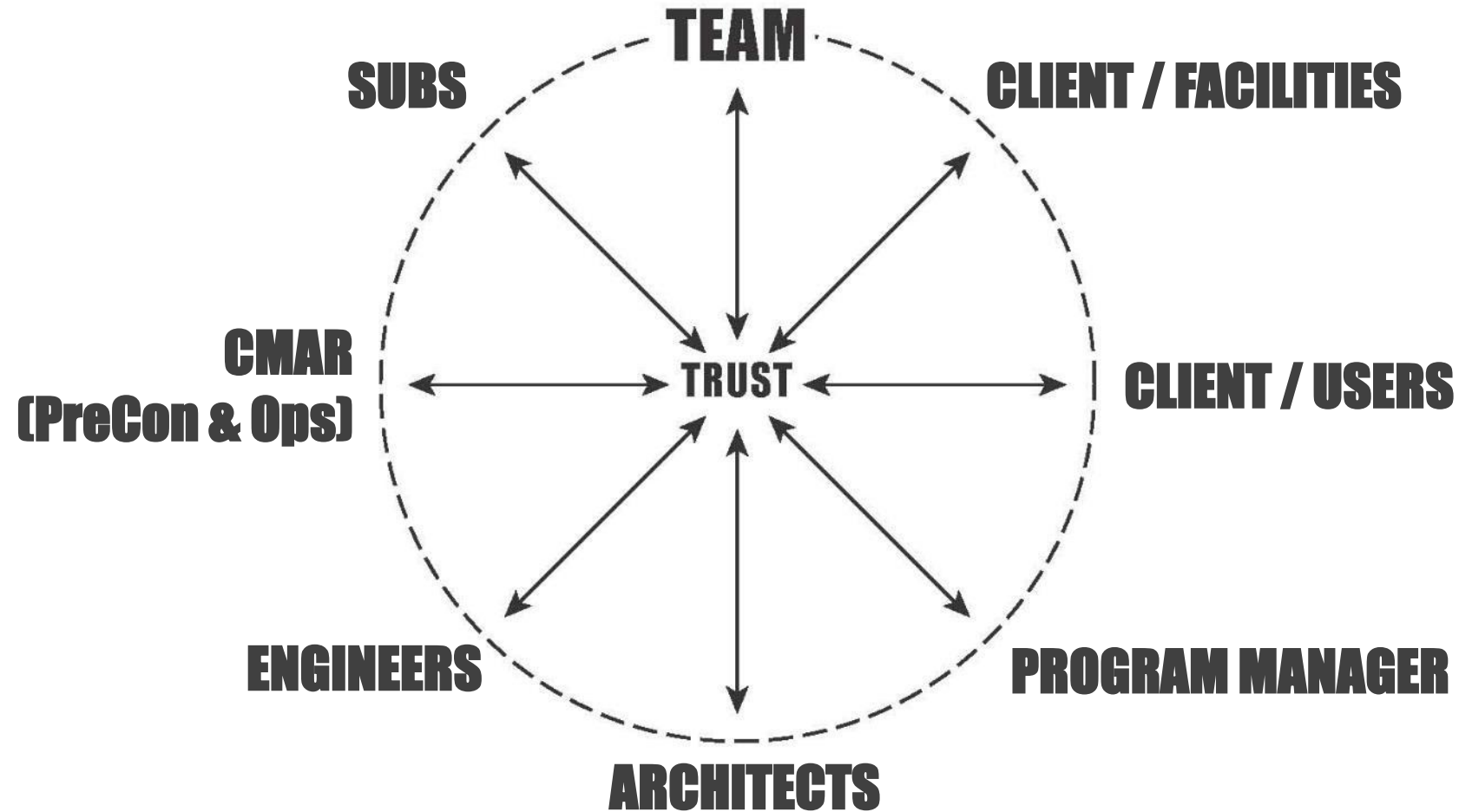
**Two-Phase process: Preconstruction and Construction Management**

**Separate Design and Construction Contracts**

**Construction Manager at Risk hinged on **TEAM collaboration****



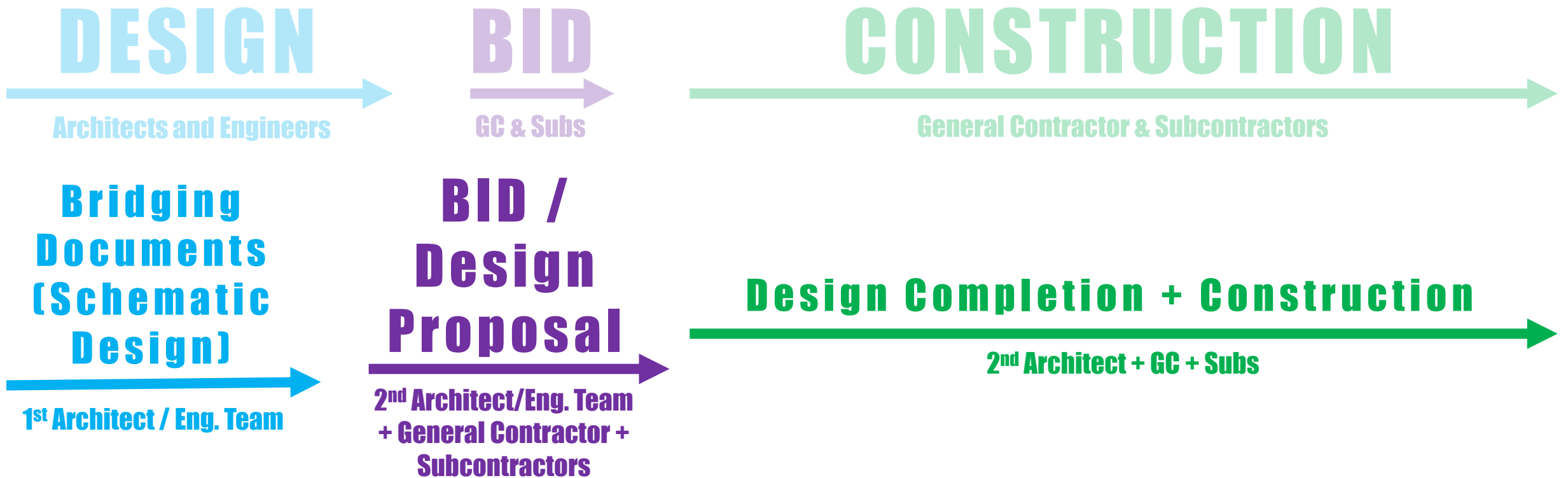
# TEAM – Collaborative Nature of CMAR



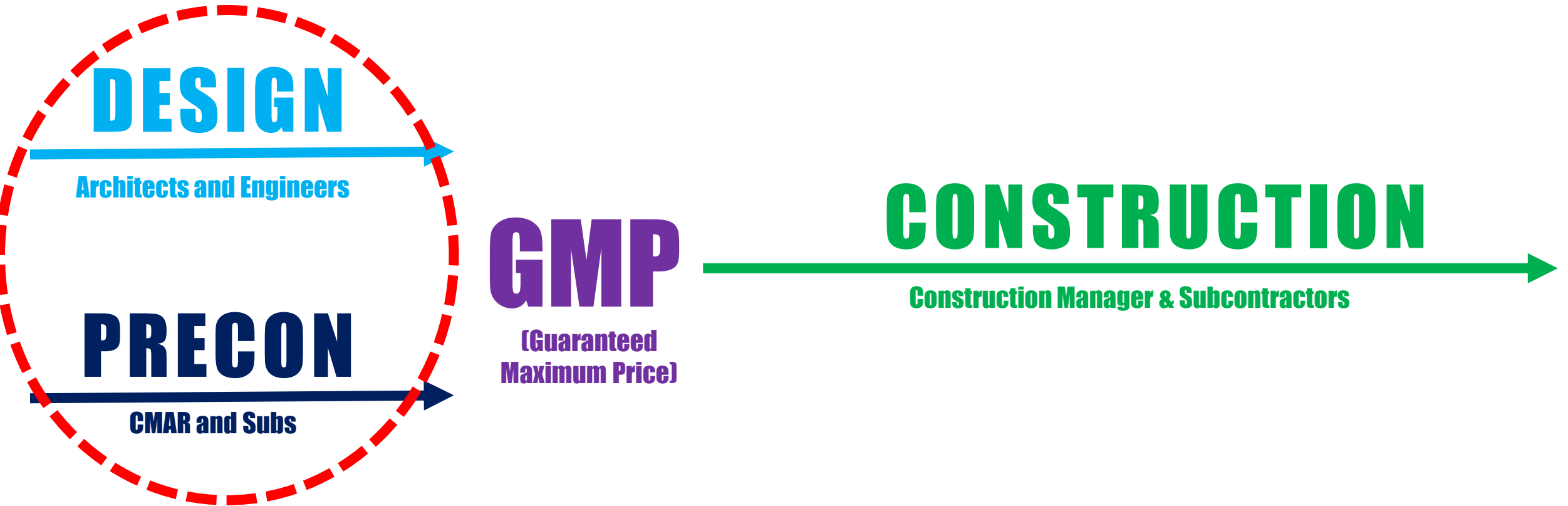
# CMAR vs. Other Delivery Methods



# CMAR vs. Other Delivery Methods

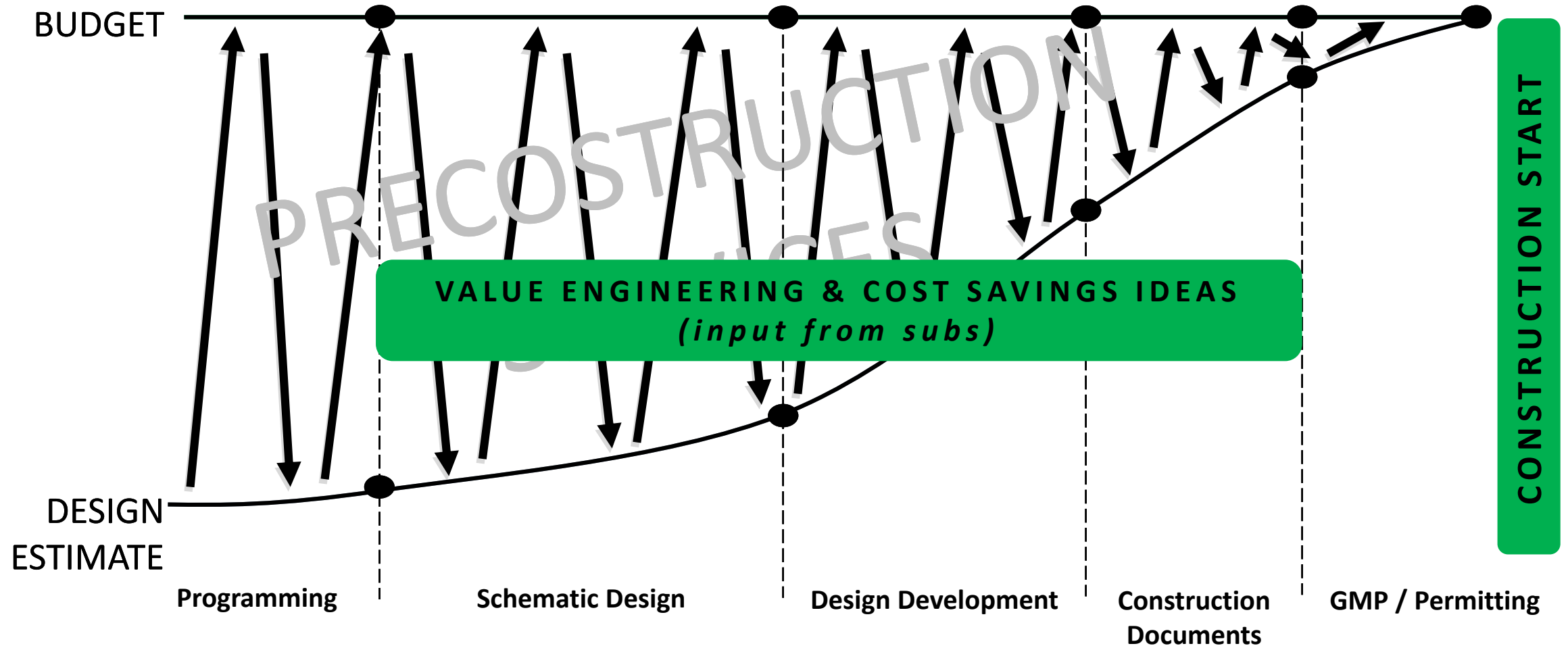


# CMAR vs. Other Delivery Methods



# APPROACH – PRECONSTRUCTION SERVICES

Manage Risk – Early Accurate Estimates



## **2. Sub Involvement During Precon**

# PRECON – subs involvement

**ALL Sub Trades** are involved in Precon at some level

Pricing Updates

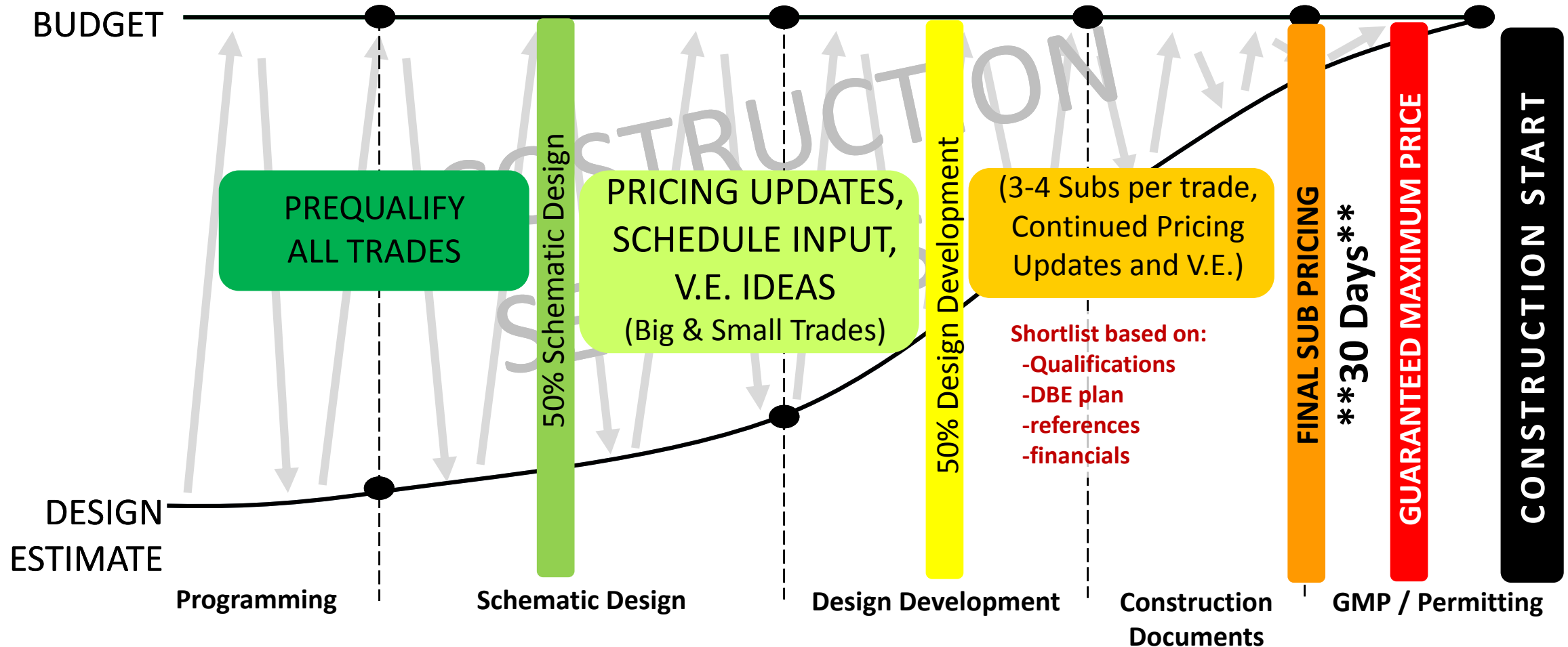
Schedule Input

Ideas for Reducing Costs, Value Engineering

Pricing their “**Design Intent**” and not just the documents

# APPROACH – PRECONSTRUCTION SERVICES

Manage Risk – Early Accurate Estimates





# PRECON – 10-Group Pricing

1. **DEMO** (*If needed*)
2. **Rough Sitework** (*earthwork, Building Pad*)
3. **Building Systems** (*M/E/P/Fire*)
4. **Structure / Foundations**
5. **Enclosure** (*Skin, roofing, glazing*)
6. **Finishes** (*Carpets, Paint, Cabinets*)
7. **Specialties** (*elevators, etc*)
8. **Equipment, FF&E**
9. **Special Systems** (*Tech, A/V*)
10. **Finish Sitework** (*Landscape, sidewalks*)

# 3. Sub Selection

# PRECON – subcontractor selection



**Qualifications**

**Subs' MBE / DBE Plan**

**Client & A/E Recommendations**

**Price**



**PICK UP CMAR  
PREQUAL  
PACKET TODAY!**



# PRECON – DBE / MBE's and Sub Support



**35% DBE Goal**



**Precon communication with subs (schedule, who bidding, etc)**



**Facilitate Mentor-Protégé arrangements (Precon)**



**Operational & Administrative Assistance (Construction Phase)**

**CORE Quickpay Program**

# 4. Insurance & Financing

# Insurance / Bonding Requirements

**Worker's Compensation/Employers Liability Insurance (\$1MM)**

**Commercial General Liability (\$4MM)**

**Business Automobile Liability Insurance (\$3MM)**

**Bonding requirement is Situational...up to **owner/CM discretion****

# CORE Quickpay Program

**3<sup>rd</sup> Party Payment Mechanism for Subs (Textura)**

**Offers payment to subs in 3-5 days AFTER Pay App Approval**

**Allows Subs to utilize CORE's line of credit**

**Includes a 2% charge by the financing company**

# Master Agreements

**Master Agreements are good for 3 years**

**Pre-Agreed Terms**

**Invitations to Bid**

**Allows CORE to send a scope and work authorization**



## 7.1.4 – Subcontractor Change Orders

The Contractor shall submit the following at the Pre-Construction, prior to the commencement of any Work. Any Subcontractor desiring to submit a Change Order shall submit the following information to the Owner, the Owner's Program Manager and Architect no later than fourteen (14) days prior to the submission of that Subcontractor's first Change Order. This information shall be provided on the RSD Labor Burden Certification provided in the Project Manual and the Chief Financial Officer ("CFO") of the Contractor or Subcontractor (or other Officer if no CFO) shall certify its accuracy, and sign such certification.

1. Fixed job site overhead cost for the Contractor or Subcontractor, itemized with documentation to support daily rate.  
Fixed job site overhead costs shall be limited to the items listed in section 7.1.7 herein below.
2. Bond Premiums with supporting information from the Contractor's or Subcontractor's carrier.
3. Insurance Rates with supporting information from the Contractor's or Subcontractor's carrier.
4. Labor Burden by trade for the Contractor or Subcontractor, to include only:
  - a. Applicable payroll tax;
  - b. Worker's compensation;
  - c. Unemployment compensation-federal and state;
  - d. Social Security taxes.
5. Internal Rate Charges for all significant company owned equipment for the Contractor or Subcontractor. The Contractor's or Subcontractor's established internal rates shall not exceed those shown in the RSMeans Building Construction Cost Data, latest edition. The contractor shall furnish copies with the equipment clearly identified.

## 7.1.4 – Subcontractor Change Orders

7.1.7 Fixed job site overhead costs, for all purposes under this Contract, shall be limited to the following actual costs. Said Cost must be actually incurred to be included in the Project's fixed site overhead costs. If Contractor or Subcontractor has no actual costs in a particular category, then no cost shall be allowed to the Contractor or Subcontractor in that category.

1. Hourly billable rate for on-site Project Management Team;
2. Site Office Costs:
  - a. Office trailer;
  - b. Office equipment;
  - c. Temporary phone;
  - d. Reproductions;
  - e. Postage/Delivery;
  - f. Project Vehicles;
  - g. Fuel;
3. Site General Costs:
  - a. Temporary water;
  - b. Temporary electrical;
  - c. Interim clean-up;
  - d. Project toilets;
  - e. Safety.

## 7.1.4 – Subcontractor Change Orders

Project:							
Subcontractor:							
Labor Classifications:		Base Rate					
Base Hourly Rate:		\$ 1.00					
Burden Detail							
Government		-					
Percentage set by Federal Government →	FUTA	0.60%	\$ 0.01	\$ -	\$ -	\$ -	\$ -
Percentage set by Federal Government →	Social Security	6.20%	\$ 0.06	\$ -	\$ -	\$ -	\$ -
Percentage set by Federal Government →	Medicare	1.45%	\$ 0.01	\$ -	\$ -	\$ -	\$ -
Contractor to provide rate sheet from insurer →	Worker's Comp	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
Contractor to provide rate sheet, obtain from State Government →	SUTA	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Burden Dollars		\$ 0.08					
Burden Total Percentage		8.25%					
Total Burdened Rate-at Cost		\$ 1.08	\$ -	\$ -	\$ -	\$ -	\$ -

**In conclusion...**

# Next Steps and Tips for you...

**Prequalify** with CORE today!

Meet with our team, bring our team to **your office** (and vice versa)

Follow up with us! **Phone calls, emails, website**

We encourage all to **participate in PreCon** process

This is a **best value** selection...not just low price

**Transparent Process**

**Q & A!**