

# **Capital Project Funding Guide For Delegated Projects**

Insights and Guidance  
to Understand and Manage Money  
on Delegated Capital Projects

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## I. Introduction

Pennsylvania law charges the Department of General Services' ("DGS") Public Works Deputate with the responsibility to manage all aspects of non-transportation construction projects ("capital projects") for executive agencies under the Governor's jurisdiction and some independent agencies.<sup>1</sup> The primary principle underlying every capital project is very simple: a capital project represents a gift from the taxpayers, to be treated with respect and a deep appreciation for the fiscal debt incurred by the Commonwealth to fund the project. As project managers, DGS Public Works balances our role of stewards for the taxpayers and advocates for our client agencies, carefully supervising every element of each project, including budget. As part of DGS' agreement to delegate the project, the University agrees to accept DGS' responsibility to act as a responsible steward of public funds.<sup>2</sup> The Cost Module of Public Works' new software, coupled with the new standardized approach to project funding established in this memo, adds transparency and standardized budgets to allow the Commonwealth to view the University's management of the project.

## II. Background Information

Effective management of a "Capital project" (a.k.a. Public Improvement Project ("PIP")) starts with understanding certain terms:

*'Construction'* is the process of building, altering, repairing, improving or demolishing any public structure or building or other public improvements of any kind to any public real property.

*'Project'* includes all work necessary to complete the entire scope of work, including all general construction, hazardous material removal, fire suppression, elevator, HVAC, plumbing, and electrical work.

*'Capital Project'*<sup>3</sup> is authorized in a Capital Budget Itemization Act when:

1. State bond proceeds are used and the total project is valued at \$100,000 or more; or
2. Current revenue (or GGO) are used and the total project is valued at more than \$300,000; and
3. Its useful life is at least 30 years.

*'Land Acquisition'* requires explicit legislative authorization.

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<sup>1</sup> Act 45 of 1975 - established the contract administration responsibilities for all projects authorized by Commonwealth capital authorization acts to the Department of General Services. In fact, DGS administers contracts for professional services and construction based upon Act 45, the Commonwealth Procurement Code (62 Pa.C.S.), and departmental instructions.

<sup>2</sup> Every reference in this memo to "the project" refers exclusively to the specific Capital project being delegated to the University. The University stands in DGS' position; every law or policy that applies to DGS applies to the University. (i.e., CM at risk may not be utilized, IPD may not be utilized.)



**HARDSTOP<sup>4</sup>** – By accepting delegation, the University agrees and accepts full responsibility to ensure that the project’s scope of work (design, construction and change orders) falls within the legislative language in the Capital Budget Project Itemized Act that authorizes the project. If the additional scope exceeds either the scope or budget authorized by legislation, the University may not use or request reimbursement of PIP funds for those costs.



**REMEMBER:** If the intended use exceeds the legislative authority, the University has no authority to use PIP funds for the work.

### III. Establishing the Cost Module for Project Funding in e-Builder

Funding and budgets for all delegated projects will be input into DGS’ e-Builder software Cost Module for purposes of tracking and reporting on the PIP funds expended to reimburse the University.<sup>5</sup> The University will provide DGS with the name of two University-authorized users who will have access to DGS’ e-Builder software to upload and submit fiscal documents and monthly reports in accordance with the processes created by DGS.

Setting up the funding in the e-Builder Cost Module differs, depending upon the legislative language scenario authorizing the project. The first step to setting up the project in DGS’ e-Builder software is to determine the applicable Legislative scenario.

The language in any Capital Budget Act creates 4 typical project scenarios:

- A. Add additional funds to an existing capital project, or
- B. Create a new project with funding language designating money for land acquisition, base allocation and design contingency; or
- C. Create a new project with funding language separated into base allocation and design contingency; or
- D. Create a new project with ‘lump sum’ language.

#### A. Legislative Language Adding Additional Funds to an Existing Project

This scenario involves language in a Capital Budget Act providing additional funds for an existing project. Enactment of a Capital Budget Act by itself does not mean the project can immediately proceed. Until the project is re-evaluated with the new funds to determine where it fits within the University’s annual Capital Plan allowance, the project remains suspended and the professional (if paid using PIP funds rather than University funds) is prohibited from taking any

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<sup>4</sup> This memo will designate “HARDSTOPS” that can occur throughout the course of a project which stop progress on the project until the issue(s) presented are finally resolved.

<sup>5</sup> DGS’ e-Builder software must be used even if the University has acquired e-Builder software. Only the Cost Module and discreet file folders will be used; project management will not occur using DGS’ e-Builder software.

action or incurring any costs. The Capital Planning Coordinator will review the plan with the University to determine what, if any, other projects will be delayed to allow the University to absorb the increased costs within their annual Capital Plan allowance.

When the Director of Pre-Construction receives written notice from the Capital Planning Coordinator that the project is approved within the University's Capital Plan, PW Fiscal will be requested to distribute the additional funding into the project using one of the following two formulas, depending upon how design is funded. PW Fiscal has no option or ability to unilaterally deviate from these formula. <sup>6</sup>

1. If the University used their funding to pay for design and the additional funding from the Capital Budget is to be used solely for construction, then the additional funds shall be distributed in e-Builder only to the Construction and Construction Contingency line items. The distribution shall ensure at least a 10% Construction Contingency line item based upon any revisions to the Construction line item.
2. If the University utilized the DGS Selections process to procure design services, then the design costs are deemed "PIP eligible" and the University may utilize the additional Capital Budget funds based upon the following default formula:
  - a) 75% of total additional funds allocated to Construction
  - b) Sufficient funds (from original and additional) to create total Construction Contingency of 10% of the Construction line item
  - c) Remaining 15% additional funds allocated to Design Contingency

The funds in the Construction and Construction Contingency are 'locked down' and unavailable at any time or any reason during the design process. Basic Services, work orders, studies, special consultants, amendments, CM services, Commissioning and other design costs must be completed within the funds established for the Design and Design Contingency line items.

The following actual project example is provided for guidance. A University project to renovate the a computer science building was originally authorized in Act 85 of 2013 with this language:

*Upgrade and renovate the computer science building \$20,000,000*

*Base Project Allocation - \$16,000,000*

*Design & Contingencies - \$ 4,000,000*

Setting up the line items from this original allocation in the project's e-Builder Cost Module will depend upon whether design services were procured using the DGS Selections process. The following snapshots help to explain how the funding will be set up in the e-Builder Cost Module.

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<sup>6</sup> If using this formula creates concerns regarding sufficient funds in design and design contingency, the University may request permission from the DGS Deputy Secretary to alter the calculations. The project may only proceed if the Deputy approves the calculations and instructs the Fiscal Unit to adjust the line items.

**Exhibit A-1. e-Builder Cost Page Setting Up Original Legislative Language (No PIP Design)**

<b>30</b>	<b>Construction</b>	<b>\$ 16,000,000.00</b>		<b>\$ 16,000,000.00</b>
30-3010	Construction	\$ 16,000,000.00		\$ 16,000,000.00
<b>40</b>	<b>Contingency</b>	<b>\$ 1,600,000.00</b>	<b>\$ -</b>	<b>\$ 1,600,000.00</b>
40-4010	Project Savings	\$ -		\$ -
40-4020	Design Contingency	\$ -		\$ -
40-4030	Construction Contingency	\$ 1,600,000.00	\$ -	\$ 1,600,000.00
<b>Totals</b>		<b>\$ 17,600,000.00</b>	<b>\$ -</b>	<b>\$ 17,600,000.00</b>
	Leg. Lang. (Base+ D&C=80/20)	\$ 20,000,000.00		
	No Design = Unavailable	\$ 2,400,000.00		

The University can use the full \$17,600,000 for construction and construction contingency, but the remaining \$2,400,000 is unavailable for use at any time on this project. The unavailable \$2.4m does not count as a ‘hit’ on the University’s Capital Plan for this project and can be used on a future project at the computer science building, but only for design on the future project.

**Exhibit A-1a. e-Builder Cost Page Setting Up Original Legislative Language w/PIP for design**

Line Item	Description	Original Budget	Changes	Amended Budget
<b>20</b>	<b>Design</b>	<b>\$ 2,180,000.00</b>	<b>\$ -</b>	<b>\$ 2,180,000.00</b>
20-2010	Design	\$ 2,180,000.00	\$ -	\$ 2,180,000.00
<b>30</b>	<b>Construction</b>	<b>\$ 16,000,000.00</b>		<b>\$ 16,000,000.00</b>
30-3010	Construction	\$ 16,000,000.00		\$ 16,000,000.00
<b>40</b>	<b>Contingency</b>	<b>\$ 1,820,000.00</b>		<b>\$ 1,820,000.00</b>
40-4010	Project Savings	\$ -		\$ -
40-4020	Design Contingency	\$ 220,000.00		\$ 220,000.00
40-4030	Construction Contingency	\$ 1,600,000.00		\$ 1,600,000.00
<b>Totals</b>		<b>\$ 20,000,000.00</b>		<b>\$ 20,000,000.00</b>

The original \$20,000,000 was deemed insufficient to complete the project and \$10,000,000 in additional PIP funding was added in a subsequent Capital Budget bill with the following language:

*Provide additional funding for renovation and other soft costs for Computer Science \$10,000,000*

Once again, the funding in the e-Builder Cost Module will differ depending upon whether the University utilized the DGS Selection process for procuring the design professional.

DGS PW Fiscal would apply the Scenario A formula to these funds based upon a lump sum additional \$10,000,000: <sup>7</sup>

1. No design funds come from the \$10,000,000 since Selections Committee was not used.
2. 90% of total additional funds allocated to Construction
3. Create total Construction Contingency of 10% of the Construction line item

***Exhibit A-2. New e-Builder Cost Page Adding \$10,000,000 (No PIP design)***

Line Item	Description	Original Budget	Changes	Amended Budget
<b>20</b>	<b>Design</b>	\$ -	\$ -	\$ -
20-2010	Design	\$ -	\$ -	\$ -
<b>30</b>	<b>Construction</b>	\$ 16,000,000.00	\$ 9,090,909.00	\$ 25,090,909.00
30-3010	Construction	\$ 16,000,000.00	\$ 9,090,909.00	\$ 25,090,909.00
<b>40</b>	<b>Contingency</b>	\$ 1,600,000.00	\$ 909,091.00	\$ 2,509,091.00
40-4010	Project Savings	\$ -		\$ -
40-4020	Design Contingency	\$ -		\$ -
40-4030	Construction Contingency	\$ 1,600,000.00	\$ 909,091.00	\$ 2,509,091.00
<b>Totals</b>		\$ 17,600,000.00	\$ 10,000,000.00	\$ 27,600,000.00

DGS PW Fiscal would apply the Scenario A formula to these funds based upon a lump sum additional \$10,000,000 in the case of design costs paid from PIP funds:

***Exhibit A-2a. New e-Builder Cost Page Adding \$10,000,000 (with PIP design)***

Line Item	Description	Original Budget	Changes	Amended Budget
<b>20</b>	<b>Design</b>	\$ 2,180,000.00	\$ 1,590,910.00	\$ 3,770,910.00
20-2010	Design	\$ 2,180,000.00	\$ 1,590,910.00	\$ 3,770,910.00
<b>30</b>	<b>Construction</b>	\$ 16,000,000.00	\$ 7,500,000.00	\$ 23,500,000.00
30-3010	Construction	\$ 16,000,000.00	\$ 7,500,000.00	\$ 23,500,000.00
<b>40</b>	<b>Contingency</b>	\$ 1,820,000.00		\$ 2,729,090.00
40-4010	Project Savings	\$ -		\$ -
40-4020	Design Contingency	\$ 220,000.00	\$ 159,090.00	\$ 379,090.00
40-4030	Construction Contingency	\$ 1,600,000.00	\$ 750,000.00	\$ 2,350,000.00
<b>Totals</b>		\$ 20,000,000.00	\$ 10,000,000.00	\$ 30,000,000.00

<sup>7</sup> The University can suggest re-allocating funds based upon project needs that are different from this formula. If the University did not utilize the DGS Selections Process, the project can never have any funds in the design or design contingency line items. All services using PIP funds must be competitively bid.



**REMEMBER:** Construction and Construction line item funds may only be used to pay for competitively bid construction contracts and construction change orders. If the University did not procure the design professional through the DGS Selections process, the following costs must be paid by the University. If Selections Process was used, then the Design and Design Contingency funds can be used to pay:

- **Basic Services** - the negotiated fee to be paid the design professional by contract.
- **All non-construction work performed by the design professional, their consultants or by others, including but not limited to all tests, site analysis and inspections to be performed throughout the entire duration of the project (design, bidding and construction) such as:**
  - \* **Topographic Survey**      \* **Geotechnical Investigation**
  - \* **Archaeological Survey**      \* **Environmental Survey**
  - \* **Wetlands Survey**      \* **Endangered Species Investigation**
  - \* **Haz. Mat. Investigations**      \* **Quality Assurance**
- **3<sup>rd</sup> Party Costs** – site utility costs, commissioning, LEED costs, local fees
- **Construction Management** – all CM costs during design and construction, including site trailers, scheduling and all CM soft costs.
  - **CM services must be competitively procured through an RFP process.**
  - **The University is responsible for administering and awarding the RFP.**
  - **The CM contract must include DISBO participation utilizing the University’s DISBO program. If the University does not have a DISBO program, DGS’ DISBO program shall be utilized.**

## **B. Legislation Creates a New Project with Itemized Language including Land**



**HARDSTOP** – Delegated projects do not generally include the delegation to acquire land. Any Delegated Project that relies upon Capital Budget authorization to acquire land will require project-specific funding negotiated between DGS, the Office of Budget and the University prior to any land acquisition. Once negotiated, the remaining PIP funds should be allocated in accordance with Scenario C.

### C. Legislation Creates a New Project with Base and D&C

This portion of the memo only discusses legislation that contains two specific line items, allocating money to “Base Project Allocation” and “Design & Contingency”. In this scenario, “Base Allocation” establishes the funds available to award construction contracts. “Design & Contingency” establishes funds to pay for design, design contingency and construction contingency. While the full amount of “Base Project Allocation” is available, the amount available from “Design and Contingency” will depend upon whether the University utilized the DGS Selections process to procure the design professional.

The “Base Project Allocation” amount will be interpreted to be funds needed to award competitively bid construction contracts. For illustration, a University Capital project has legislative language that states:

*Convert existing coal-fired boilers to natural gas to comply with new EPA/DEP clean air regulations*

*Project Allocation \$25,000,000  
 (Base Project Allocation - \$20,000,000)  
 (Design & Contingencies - \$5,000,000)*

Setting up the line items in the project’s e-Builder Cost Module will depend upon whether design services were procured using the DGS Selections process. The following snapshots help to explain how the funding will be set up in the e-Builder Cost Module.

**Exhibit C-1 Base Project Allocation and Design & Contingency (no PIP design)**

Line Item	Description	Original Budget	Changes	Amended Budget
<b>20</b>	<b>Design</b>	\$ -		
20-2010	Design	\$ -		
<b>30</b>	<b>Construction</b>	\$ 20,000,000.00		
30-3010	Construction	\$ 20,000,000.00		
<b>40</b>	<b>Contingency</b>			
40-4010	Project Savings			
40-4020	Design Contingency			
40-4030	Construction Contingency	\$ 2,000,000.00		
<b>Totals</b>		\$ 22,000,000.00		

This scenario allocates the \$20m in construction and a 10% construction contingency. Since the University did not utilize the DGS Selections process, there are no design funds allocated from the D&C line item for the project. The unavailable \$3m does not count as a ‘hit’ on the University’s Capital Plan for this project and can be used on a future project for the boilers, but only for design on the future project.

**Exhibit C-1a Base Project Allocation and Design & Contingency (PIP used for design)**

Line Item	Description	Original Budget	Changes	Amended Budget
<b>20</b>	<b>Design</b>	<b>\$ 2,727,273.00</b>		
20-2010	Design	\$ 2,727,273.00		
<b>30</b>	<b>Construction</b>	<b>\$ 20,000,000.00</b>		
30-3010	Construction	\$ 20,000,000.00		
<b>40</b>	<b>Contingency</b>	<b>\$ 2,272,727.00</b>		
40-4010	Project Savings			
40-4020	Design Contingency	\$ 272,727.00		
40-4030	Construction Contingency	\$ 2,000,000.00		
<b>Totals</b>		<b>\$ 25,000,000.00</b>		

This scenario allocates the full \$20m in construction and a 10% construction contingency. In addition, since the University utilized the DGS Selections process, the remaining \$3m in D&C funds are set up using the formula  $1.1X = \$3m$  for the Design and Design Contingency line items.



**REMEMBER: Construction and Construction line item funds may only be used to pay for competitively bid construction contracts and construction change orders. If the University did not procure the design professional through the DGS Selections process, the following costs must be paid by the University. If Selections Process was used, then the Design and Design Contingency funds can be used to pay:**

- **Basic Services - the negotiated fee to be paid the design professional by contract.**
- **All non-construction work performed by the design professional, their consultants or by others, including but not limited to all tests, site analysis and inspections to be performed throughout the entire duration of the project (design, bidding and construction) such as:**
  - **\* Topographic Survey      \* Geotechnical Investigation**
  - **\* Archaeological Survey      \* Environmental Survey**
  - **\* Wetlands Survey      \* Endangered Species Investigation**
  - **\* Haz. Mat. Investigations      \* Quality Assurance**
- **3<sup>rd</sup> Party Costs – site utility costs, commissioning, LEED costs, local fees**
- **Construction Management – all CM costs during design and construction, including site trailers, scheduling and all CM soft costs.**
  - **CM services must be competitively procured through an RFP process.**
  - **The University is responsible for administering and awarding the RFP.**

- **The CM contract must include DISBO participation utilizing the University’s DISBO program. If the University does not have a DISBO program, DGS’ DISBO program shall be utilized.**

#### **D. Legislation Creates a New Project with Lump Sum Funding Language**

This scenario only applies to new projects that have never been released and never proceeded past Capital Planning.<sup>8</sup> The language in this scenario only contains a lump sum dollar value with no reference to Base Allocation, Land Acquisition or Design & Contingency. This “Lump Sum” language creates opportunities for the University to request only a portion of the funding for the project, leaving funding in the line item for which can be released in the current project (during design or post-bid to assist in awarding construction contracts) or saved for future projects at the facility or specific building. Public Works Capital Planning will collaborate with the University during the planning phase of each project to create an accurate estimate of the funds that should be requested for the project based upon scope and priority, which may impact escalation calculations.



**HARDSTOP: On Lump Sum projects, a University has 2 opportunities to ‘go back’ and add additional PIP funding to the project, subject to an amended Delegation Agreement:**

- **During design, the University may request release of the additional PIP funds with concurrent reduction in the University’s other Capital Plan projects. There will be no changes to scope or cost once the project starts the final design submission stage.**
- **When bids come in (Post-Bid Hardstop), the University may request release of additional PIP funding to provide money to satisfy the Funding Analysis shortfall on any base bid for the contract being bid in lieu of providing additional University funds for the project. This additional funding must be offset within the University’s Capital Plan projects.**
- **The Post-Bid Hardstop for the last construction contract is the last time an University can ‘go back’ for additional release of PIP funds. Any additional funds necessary during the construction phase must be provided by an LOC using University funds.**

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<sup>8</sup> Projects with legislation referencing only “Base Allocation” will be set up according to the formula in this scenario if the project is new; if the project was released and funded prior to the “Base Allocation” language, the funds will be set up pursuant to Scenario A.

The funding analysis for this type of legislation varies, but might look like this:

*Design, infrastructure, abatement of hazardous materials and construction of a multistory classroom/class lab building, including utility upgrades and extensions, site improvements and code-related upgrades, including ADA compliance-related upgrades,  
Project Allocation \$45,000,000*

As with the other scenarios, setting up the funding in the e-Builder Cost Module will depend upon whether the University utilized the DGS Selections process and, unique to this scenario, will also depend upon whether the University opts to request release of the entire legislative authorization. Consequently, there are 4 possible funding options that could arise in Scenario D:

1. release some funds with no PIP for design
2. release some funds with PIP for design
3. release full amount with no PIP for design
4. release full amount with PIP for design

**Exhibit D-1 Lump Sum Allocation Broken into \$40m Project (Release Some, No PIP design)**

Line Item	Description	Original Budget	Changes	Amended Budget
<b>20</b>	<b>Design</b>	\$ -	\$ -	\$ -
20-2010	Design	\$ -		\$ -
<b>30</b>	<b>Construction</b>	\$ 36,363,636.00	\$ -	\$ 36,363,636.00
30-3010	Construction	\$ 36,363,636.00		\$ 36,363,636.00
<b>40</b>	<b>Contingency</b>	\$ 3,636,364.00	\$ -	\$ 3,636,364.00
40-4010	Project Savings			
40-4020	Design Contingency	\$ -		\$ -
40-4030	Construction Contingency	\$ 3,636,364.00		\$ 3,636,364.00
<b>Totals</b>		\$ 40,000,000.00	\$ -	\$ 40,000,000.00
	Assume release \$40m			
	\$5m available for later release			

The University works with DGS to get a release of \$40m in the Capital Plan. This snapshot reflects the funds released toward Construction and Construction Contingency. This scenario (D-1) requires the University to fund all design and design contingency costs as follows:



**REMEMBER:** Construction and Construction line item funds may only be used to pay for competitively bid construction contracts and construction change orders. If the University did not procure the design professional through the DGS Selections process,

the following costs must be paid by the University. If Selections Process was used, then the Design and Design Contingency funds can be used to pay:

- **Basic Services - the negotiated fee to be paid the design professional by contract.**
- **All non-construction work performed by the design professional, their consultants or by others, including but not limited to all tests, site analysis and inspections to be performed throughout the entire duration of the project (design, bidding and construction) such as:**
  - **\* Topographic Survey      \* Geotechnical Investigation**
  - **\* Archaeological Survey    \* Environmental Survey**
  - **\* Wetlands Survey            \* Endangered Species Investigation**
  - **\* Haz. Mat. Investigations   \* Quality Assurance**
- **3<sup>rd</sup> Party Costs – site utility costs, commissioning, LEED costs, local fees**
- **Construction Management – all CM costs during design and construction, including site trailers, scheduling and all CM soft costs.**
  - **CM services must be competitively procured through an RFP process.**
  - **The University is responsible for administering and awarding the RFP.**
  - **The CM contract must include DISBO participation utilizing the University’s DISBO program. If the University does not have a DISBO program, DGS’ DISBO program shall be utilized.**

*Exhibit D-2 Lump Sum Allocation Broken into \$40m Project (Release Some PIP design)*

<b>30</b>	<b>Construction</b>	<b>\$ 30,000,000.00</b>	<b>\$ -</b>	<b>\$ 30,000,000.00</b>
30-3010	Construction	\$ 30,000,000.00		\$ 30,000,000.00
<b>40</b>	<b>Contingency</b>	<b>\$ 7,600,000.00</b>	<b>\$ -</b>	<b>\$ 7,600,000.00</b>
40-4010	Project Savings			
40-4020	Design Contingency	\$ 4,600,000.00		\$ 4,600,000.00
40-4030	Construction Contingency	\$ 3,000,000.00		\$ 3,000,000.00
<b>Totals</b>		<b>\$ 40,000,000.00</b>	<b>\$ -</b>	<b>\$ 40,000,000.00</b>
	Assume release \$40m	\$ 40,000,000.00		
	Assume 8% design fee set up w75% Constr.		\$ 30,000,000.00	
	Assume want to keep \$5m for later		\$ 3,000,000.00	
			\$ 33,000,000.00	
			\$ 7,000,000.00	
			\$ 2,400,000.00	
			\$ 4,600,000.00	

For Scenario D-2, the University may use these PIP funds for Construction, Construction Contingency, Design and Design Contingency. Construction and Construction Contingency may only be used to reimburse costs incurred on competitively procured construction contracts. The

University may ‘come back’ and ask for the release of the \$5m during design or post-bid to assist in awarding construction contracts.

**Exhibit D-3 Lump Sum \$45m Project (Release All, No PIP design)**

Line Item	Description	Original Budget	Changes	Amended Budget
<b>20</b>	<b>Design</b>	\$ -	\$ -	\$ -
20-2010	Design			\$ -
<b>30</b>	<b>Construction</b>	\$ 40,909,091.00	\$ -	\$ 40,909,091.00
30-3010	Construction	\$ 40,909,091.00		\$ 40,909,091.00
<b>40</b>	<b>Contingency</b>	\$ 4,090,909.00	\$ -	\$ 4,090,909.00
40-4010	Project Savings			
40-4020	Design Contingency			\$ -
40-4030	Construction Contingency	\$ 4,090,909.00		\$ 4,090,909.00
<b>Totals</b>		\$ 45,000,000.00	\$ -	\$ 45,000,000.00

Under scenario D-3, the University has coordinated the full release of project funds with the DGS Capitol Planning Coordinator. The University is responsible for all design and design contingency costs as discussed under Scenario D-1.

**Exhibit D-4 Lump Sum Allocation \$45m Project (Release All, PIP design)**

Line Item	Description	Original Budget	Changes	Amended Budget
<b>20</b>	<b>Design</b>	\$ 2,700,000.00	\$ -	\$ 2,700,000.00
20-2010	Design	\$ 2,700,000.00		\$ 2,700,000.00
<b>30</b>	<b>Construction</b>	\$ 33,750,000.00	\$ -	\$ 33,750,000.00
30-3010	Construction	\$ 33,750,000.00		\$ 33,750,000.00
<b>40</b>	<b>Contingency</b>	\$ 8,550,000.00	\$ -	\$ 8,550,000.00
40-4010	Project Savings			
40-4020	Design Contingency	\$ 5,175,000.00		\$ 5,175,000.00
40-4030	Construction Contingency	\$ 3,375,000.00		\$ 3,375,000.00
<b>Totals</b>		\$ 45,000,000.00	\$ -	\$ 45,000,000.00
	Assume release \$45m	\$ 45,000,000.00		
	Assume 8% design fee set up w75% Constr.		\$ 33,750,000.00	
			\$ 3,375,000.00	
			\$ 37,125,000.00	
			\$ 7,875,000.00	
			\$ 2,700,000.00	
			\$ 5,175,000.00	

For Scenario D-4, the University may use these PIP funds for Construction, Construction Contingency, Design and Design Contingency. Construction and Construction Contingency may only be used to reimburse costs incurred on competitively procured construction contracts.

#### **IV. Project Funding In e-Builder During Design and Construction**

Pursuant to the terms of the Delegation Agreement, the University will provide a project budget (**Exhibit B** to the Delegation Agreement) that establishes a total project budget encompassing at least 4 line items, *i.e.*, design costs, design contingency costs, construction costs, and a 10% construction contingency. The University's project budget will also identify the source of the funds (Commonwealth, University, FFE, Other) for each of these 4 line items. The University will provide DGS with only two names of University representatives who will be authorized to utilize DGS' e-Builder software. DGS will train the two University-authorized individuals to upload documents into the appropriate file folder in e-Builder and the proper process for submitting invoices for reimbursement. DGS' Public Works Fiscal Unit will set up these line items in the Cost Module in e-Builder. Only DGS Fiscal personnel will be able to change/edit the line items in the e-Builder Cost Module. DGS will no longer review project documents prior to bidding or upon award of any construction contracts. Upon review of each Monthly Report, DGS reserves the right to require a more detailed explanation of expenditures, reimbursements and an update detailed project budget.

#### **V. Project Funding – Post-Bid Hardstop**



**HARDSTOP: Every project, regardless of legislative language will always encounter a Post-Bid Hardstop after the bids/proposals are opened before the project proceeds to any Notice of Award. This Hardstop provides Public Works and the University the opportunity to review award options and ensure that the project is fully funded before proceeding into the construction phase. This Hardstop also provides an opportunity to calculate and return Project Savings based upon bid results.**

The University will upload the bid tabs for each contract into e-Builder prior to awarding any contracts. The University will also provide and upload an updated project budget concurrently with the bid tabs showing the funding source and remaining balancer of funds for construction. DGS will review the bid tabs and approve the bids prior to award of any construction contract.

#### **VI. Project Funding – During Construction**

The project should proceed through construction with University being reimbursed for construction costs from the Construction and Construction Contingency line items (and Design and Design Contingency line items if applicable) in the e-Builder Cost Module. If the Construction contingency line item drops below 10%, DGS reserves the right to require the University to provide additional funds to ensure at least a 10% Construction Contingency upon the total unfinished construction work.

## **VII. Project Funding – Post-Final Inspection**

Pursuant to the terms of the Delegation Agreement, all costs beyond the legislatively authorized allocation shall be paid by the University. The University indemnifies DGS from any and all costs arising out of the project beyond the legislative authorization. Any remaining project funds shall be returned to the Office of Budget as project savings.