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| SUBJECT: Construction Project Financial Processes | Effective Date: 3/30/21 | Procedure Number: FS 2016 FPC0021 | |
| | Supersedes: FS 2013 RM0020 | Page 1 | Of 11 |
| | Responsible Authority: Facilities & Safety Business Office, Facilities Planning & Construction | | |

APPLICABILITY/ACCOUNTABILITY:

This Procedure applies to the Facilities & Safety Business Office (FSBO) and Facilities Planning & Construction (FP&C).

PROCEDURE STATEMENT:

This Procedure defines the various processes Contractors can use to move funds within their contract amount and make requests for additional funds and/or time. It also outlines the required approvals for different transactions. This Procedure is intended to work in conjunction with construction contracts for projects, not supersede them. Any discrepancy between this Procedure and the terms of an executed construction contract should be discussed with the Sr. Director, FP&C.

DEFINITIONS:

Additional Service – additional fees requested by a Professional Service Provider for work that was not included in the original project scope, but is required to complete a project.

Buyout Savings Transfers –transfers of funds from SOV line items to/from a Buyout Savings line within the SOV, resulting from portions of the work being contracted for less than the original amount budgeted.

Construction Contingency - funding within the Contractor’s Guaranteed Maximum Price (GMP) that has not been assigned to specific SOV line item. Contracts typically allow these funds to be used by the Contractor, with UCF permission, for unforeseen conditions, scope gaps, and Owner-added scope.

Contractor – an entity contracted directly with the university to perform construction tasks under various delivery methods (e.g., Construction Management, Hard Bid, Design Build).

Owner Contingency – funding not within the Contractor’s GMP, reserved for use by the Owner, at its discretion, for the maximum benefit of the project.

Owner Direct Purchase (ODP) Tax Savings – tax savings generated from the owner direct purchase of materials on a project.

Line-to-Line Transfers – funding transfers directly from one SOV line item to another.

Progress Payment Application – request from a Contractor for payment for services rendered.

Professional Service Invoice – a bill from a Professional Service Provider for services rendered.

Professional Service Provider – an architect, engineer, surveyor, threshold inspector or consultant contracted directly with the university.

Purchase Order – a document produced by UCF Procurement authorizing a vendor to complete a specific scope of work for a specific cost. Refer to the UCF Procurement Procedure Manual for additional information.

Requisition – a request from FSBO to UCF Procurement to create a Purchase Order, approved by the appropriate authority. Refer to the UCF Procurement Procedure Manual for additional information.

Schedule of Values (SOV) – a statement furnished by a Contractor detailing the line items that make up the contract amount and allocating the funding for various parts of the work, which serves the basis for submitting and reviewing Progress Payment Applications.

PROCEDURE:

1. Submission Requirements

All submissions will be processed through eBuilder. **No work may commence without final approval of the eBuilder Commitment Transfer Process (CTP).**

2. Signature Thresholds

The chart below provides the required signature approval(s) per document type. All signatures are obtained via eBuilder.

| Type of Item | Dollar Value | Required Approvals | | | | |
|--|----------------------|--------------------|-------------|--------------|-----------|---------|
| | | FP&C PM | FSBO Review | FP&C Manager | FP&C Dir. | AVP F&S |
| e-Builder (all CA processes) | \$0 to \$9,999 | X | | | | |
| Minor/Major Project Commitment Approvals | \$10,000 or greater | X | | X | | |
| e-Builder (all PMT processes) | \$0 to \$9,999 | X | | | | |
| Minor/Major Project including but not limited to Professional Services invoices, Construction invoices, Construction Payment Applications, DOPO invoices, etc. | \$10,000 to \$49,999 | X | X | X | | |
| | \$50,000 or greater | X | X | X | X | |
| | | | | | | |
| e-Builder (POR process) | \$0 to \$75,000 | X | X | X | X | |
| Purchase Order Revisions for Minor/Major Projects | \$75,000 or greater | X | X | X | X | X |
| e-Builder (PCO/CO process) | \$0 to \$75,000 | X | X | X | X | |
| Potential Change Order or Change Order to a Construction Manager working on a Major Project | \$75,000 or greater | X | X | X | X | X |
| e-Builder (AS process - only for AE on Major project) | \$0 to \$75,000 | X | X | X | X | |
| Additional Service for Majors | \$75,000 or greater | X | X | X | X | X |
| e-Builder (CTP - Commitment Transfer process) | any | X | X | X | | |
| Line-to-Line Transfer | | | | | | |
| e-Builder (CTP - Commitment Transfer process) | any | X | X | X | X | |
| Contractor's Construction Contingency Buyout Savings Transfer | | | | | | |

3. Requisition Creation and Approval

Any project requiring funding for professional services or construction requires a Purchase Order from UCF Procurement. The FP&C Project Manager (PM) will provide the scope of work and value for all projects to the Facilities & Safety Business Office (FSBO) for the creation of a Requisition. FSBO will then provide the executed Requisition to UCF Procurement.

4. SOV

- A SOV must be submitted to, and approved by, the PM and an FP&C Manager, prior to the first Progress Payment Application or within 10 days of Notice to Proceed. Once approved, the PM will send the SOV to FSBO in electronic format.
- For all Construction Management and Design Build projects, contracts showing subcontractor value of work must be submitted as backup. If SOV line item budgets exceed subcontractor contract values, secondary line items depicting the value difference must be added to the SOV for tracking purposes.
- The SOV must be consistently updated by the Contractor. Any changes to the SOV in the form of Line-to-Line Transfers, Buyout Savings Transfers, Construction

Contingency, Owner Contingency, and ODP Tax Savings must follow this Procedure.

- All SOV changes must be tracked on the SOV spreadsheet, with notes indicating the type, number, and value of the adjustments.

5. Professional Service Invoices

- Professional Service Invoices must be submitted on the template found on the FP&C website, and must be signed by an authorized representative of the Professional Service Provider.
- Professional Service Invoices must confirm to the amounts set forth in the executed contract or approved proposal.
- Professional Service Providers are paid on a deliverable basis (not monthly). The PM must verify the completeness of deliverables prior to authorizing invoices for payment.

6. Additional Service

- Additional Service requests will only be considered for substantial, owner-generated additions to the project scope.
- Professional Service Providers must request Additional Services through eBuilder. The request must be completed in its entirety, clearly detailing how the cost is reflective of the actual, additional time required for the added project scope. If the Additional Service request is determined to be valid, available funds will be verified. If funds are available, the request will be routed to the next level of approvals. If funds are not available, FSBO will notify the PM, who will determine if additional funding requests are recommended, or if the request should be negotiated with the Professional Service Provider.

7. Construction Payment Applications

- Progress Payment Applications must be submitted through the eBuilder Contractor Pay-App and Consultant Invoice process (PMT), along with other documents described in the eBuilder details tab.
- Professional Service Providers must review and approve the accuracy of the Progress Payment Application.
- The PM will review the Progress Payment Application and verify the percentage complete for the SOV line items. Once verified, the PM will route the Progress

Payment Application to FSBO.

- After review, FSBO will either move the process forward, or return it to the PM to work with the Contractor for correction(s).

8. Line-to-Line Transfers

- Line-to-Line transfer of funds on the SOV is only allowed within the same sections of the project:
 - cost of work items can only be transferred to other cost of work items
 - general conditions items can only be moved to other general conditions items
 - general requirements items can only be moved to other general requirements items
- The Line-to-Line Transfer Form cannot be used to make any changes to payroll, insurance, bonds, or Contractor fees; these changes must be initiated through the eBuilder Potential Change Order (PCO) process.
- The review and processing of Line-to-Line transfers must be separate from the Progress Payment Application process. All Progress Payment Applications must be based on a SOV that includes all approved/executed modifications - pending modifications may not be included.
- The Contractor will submit a request to move funds on the SOV using the CTP.
- The PM will review the CTP and make every effort to thoroughly understand the reasons for the transfer. If the PM is satisfied, the PM will route the CTP to FSBO, who will review the document for accounting accuracy.
- FSBO will approve or deny the request. If approved by FSBO, the CTP will route in accordance with the Signature Thresholds chart. If denied the CTP will be transmitted to the Contractor via eBuilder. A notification of corrections constitutes a denial of the transfer.

9. Buyout Savings Transfers

- If the Contractor receives bids for portions of the Work that are less than the original amounts budgeted in the GMP approved by the Owner, the Buyout Savings may first be used to offset shortfalls on other bid line items. This must be completed within the first 90 calendar days of the contract, unless approved by FP&C in writing.

- The Contractor will submit a request to use Buyout Savings via the CTP. Funds on the SOV can only be transferred to other cost of work items; they cannot be used to make any changes to payroll, insurance, bonds, and Contractor fees. These changes must be initiated through a PCO.
- The review and processing of Buyout Savings transfers must be separate from the Progress Payment Application process. All Progress Payment Applications must be based on the SOV, which includes all approved/executed modifications - pending modifications may not be included.
- The PM will review the CTP and make every effort to understand the reasons for the requested transfers. If satisfied, the PM will route the request to FSBO, who will review the CTP for accounting accuracy.
- FSBO will approve or deny the request. If approved, the CTP will route in accordance with the Signature Thresholds chart. If denied, the CTP will be transmitted back to the Contractor via eBuilder. A notification of corrections constitutes a denial of the transfer.

10. Contractor Contingency Transfers

- The Contractor must submit a request to use Contractor Contingency via the CTP, along with the proper justifications and backup for evaluation. Contractor Contingency applies to funds only; time extensions must follow the PCO process.
- The Contractor must certify the completeness and accuracy of the request, and the Architect/ Engineer (if applicable) must certify if the request is or is not due to errors and omissions.
- The review and processing of Contractor Contingency transfers must be separate from the Progress Payment Application process. All Progress Payment Applications must be based on the SOV, which includes all approved/executed modifications - pending modifications may not be included.
- The PM will review the CTP make every effort to understand the reasons for the request. If satisfied, the PM will route the request to FSBO, who will review the CTP for accounting accuracy.
- FSBO will approve or deny the request. If approved, the CTP will route in accordance with the Signature Thresholds chart. If denied, the CTP will be transmitted back to the Contractor via eBuilder. A notification of corrections constitutes a denial of the

transfer.

11. Owner Contingency Transfers

- The Contractor must submit a request for Owner Contingency through the PCO process, along with the proper justifications and backup for evaluation, including which party initiated the request (Facilities & Safety, End User, A/E, or Contractor). Pricing will include both cost and time extension, as applicable.
- The Contractor must certify the completeness and accuracy of the request. The Architect/ Engineer (if applicable) must certify if the request is or is not due to errors and omissions.
- The PM will review the PCO and make every effort to understand the reasons for the request. If satisfied, the PM will route the request to FSBO, who will review the PCO for accounting accuracy.
- FSBO will approve or deny the request. If approved, the PCO process will route in accordance with the Signature Thresholds chart. If denied, the PCO process will be transmitted back to the Contractor via eBuilder. A notification of corrections constitutes a denial of the PCO.

12. Owner Direct Purchase (ODP) Tax Savings

The Request for Owner Direct Purchase Order (RPO) Form should be included with the PCO, and only requires one original signature.


13. Use of Funds

- Project funds will be used as follows:
 - **Buyout Savings** –if Buyout Savings remain after offsetting any shortfalls, a deductive change order shall be issued, reducing the GMP by the sum of all Buyout Savings. The net amount of Buyout Savings may be utilized by the Owner, in its sole and absolute discretion.
 - **Contractor Contingency** – may be used solely for work not included in the Construction Documents, but which is necessary to ensure that the project conforms to applicable building codes, or address unforeseen conditions that were not identified as missing during the review of Construction Documents (through no fault of the Contractor). Legal costs and expenses, including attorneys' fees and costs, associated with the project, are expressly excluded.

- **ODP Tax Savings** - the net amount of ODP Tax Savings may be utilized by the Owner, in its sole and absolute discretion. If applicable, at the close of the project, the Contractor will submit a PCO and ODP reconciliation to Owner.

RELATED INFORMATION:

- Finance Forms: <https://fp.ucf.edu/resources/finance-forms/>
- UCF Procurement Services Procedure Manual
- Procedure FS 2013 RM0018, Owner Direct Purchase Program

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| Approved By: | Date Approved: |
|  | 3/30/21 |
| Duane Siemen Interim Associate Vice President Administration and Finance Facilities and Safety | |